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# World Financial Markets

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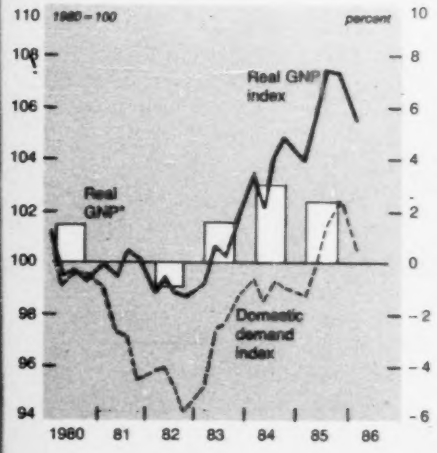
## Germany's growth predicament

A rare exuberance swept seers of Germany's economy early this year. Bolstered by windfalls from lower interest rates, plunging oil prices, and additional terms of trade gains from a strengthening currency, the economy seemed set to enjoy a consumer boom and its best overall performance since the 1960s. The consensus view looked for a real GNP increase of 3½% to 4% for 1986 and steady growth thereafter. Lately, however, sobriety is back: news of an actual sharp decline in first-quarter activity (see Chart 1) has coupled with export-threatening currency appreciation to cloud the economic outlook. Complacency seems out of order. Calls for more vigorous German performance no longer ring out solely from the far side of the Atlantic but also from within Germany itself. Recognition is growing that faster economic growth would be in the country's own best interest on *all* key issues: job opportunities, living standards, inflation stability, and sustainable external balance.

Chart 1

*Germany's real GNP*




* Annual average, percent change.

### Flagging external demand

Germany's economy relies on exports for 35% of GNP. Between 1980 and 1985, Germany depended almost wholly on increased net exports for what little growth it managed in real GNP (see Table 1). Although domestic demand recovered from 1983 onward, 1986 is the first year since 1979 that it is contributing healthily to GNP growth; right up until the final quarter of 1985 Germany was feeding on overseas demand — an unsustainable situation. Germany's exporters and, indirectly, its manufacturing sector generally had become disproportionately reliant on the U.S. market (see Table 2). Exports to the United States more than doubled from 1.4% of Germany's GNP in 1980 to 3.0% in 1985. And, vis-à-vis the United States, Germany's current account balance improved over the same period by about $40 billion, or 2½% of 1980 GNP.

The party is over. As the U.S. market becomes more difficult and U.S. competition intensifies globally, Germany's exporters will find the going rougher by the day. The demand outlook in Western Europe — taken as a whole, Germany's largest market by far — depends much on what happens in Germany itself. Besides, a number of European countries are seizing the opportunity of the oil price collapse to cut budget deficits

*Table 1*

### *Germany's sources of growth*

*contributions to real GNP-in percent*

| | Calendar year average | | | | Fourth quarter, from year earlier | | |
|---|---|---|---|---|---|---|---|
| | *1981-85* | *1985* | *1986* | *1987* | *1985* | *1986* | *1987* |
| *Domestic demand* | 0.1 | 1.4 | 3.8 | 4.8 | 2.9 | 4.7 | 2.9 |
| *Change in net exports* | 1.1 | 1.0 | —1.2 | —1.3 | —0.5 | —1.0 | —1.4 |
| *Real GNP** | 1.2 | 2.4 | 2.6 | 3.5 | 2.4 | 3.7 | 1.5 |

*Percent change.

rather than stimulate growth in demand and imports. Elsewhere, oil-producing countries are slashing imports as their revenues dwindle, and the import capacity of many other LDCs remains limited by financial difficulty. Germany's markets to the East are in poor shape: the Soviet Union may have to reduce its industrial imports from Western countries very substantially as a result of the oil price slide and chronic agricultural troubles; most other Soviet-bloc countries are grappling with debt problems. German contractors also are affected adversely by reduced demand for nuclear power installations in both Eastern and Western Europe following the Chernobyl accident.

These dim export prospects already are taking toll of German manufacturers' order books. In volume terms, their new export orders were down 3¼% during the first five months of 1986 from the same year-earlier period (see Chart 2). Exporter confidence has been eroding steadily since the peak last fall, most markedly for price-sensitive intermediate goods but also investment goods. Only consumer goods, buoyed by auto sales, have continued to enjoy strengthening orders from abroad.

Export deliveries in the first five months of the year still ran ahead of year-earlier figures but, for 1986 as a whole, the overall volume of German exports may grow no more than 2%, barely a quarter the pace in either 1984 or 1985. With signs evident of weakness in U.S. activity, German export markets may grow at about the same low rate in 1987. And with the effects of mark appreciation continuing to work their way through, and quite possibly with further appreciation to come, Germany's exports in 1987 may do well to exceed noticeably the 1986 level. Indeed, the risk is of an even weaker result. For Germany, therefore, export-led growth is a thing of the past.

*Table 2*

### *Germany's export orientation*

*percent of total*

| | *1980* | *1985* | *Average annual growth* 1980-85* |
|---|---|---|---|
| *Western Europe* | 69.4 | 67.4 | 8.3 |
| *United States* | 6.1 | 10.3 | 20.9 |
| *Other industrial countries* | 3.7 | 4.4 | 12.6 |
| *OPEC* | 6.5 | 4.7 | 2.0 |
| *Other LDCs* | 8.3 | 7.7 | 7.5 |
| *Communist countries*** | 7.5 | 5.2 | 7.5 |
| *Total*** | 100 | 100 | 11.9 |

*In mark terms.
**Excluding German Democratic Republic.

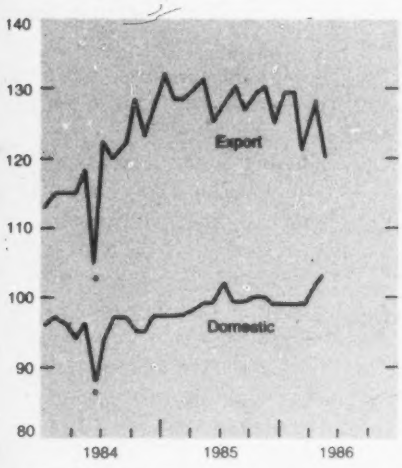
### *Domestic demand: enduring strength?*

Confidence ran high, at least until the first-quarter setback, that now would be the time for Germany to wean itself smoothly from past reliance on external demand in favor of internal sources of growth. Following years of restraint, budgetary policy was planned to be broadly neutral for 1986. Taxes were reduced by enough to offset both fiscal drag and cutbacks in the growth of outlays for social transfers (see Table 3). Tumbling oil prices and a strong mark made possible large increases in consumer demand, and also in real wages without hurting profits. With a high-flying stock market and good business profitability, investment looked set to soar. The prospects looked especially promising in manufacturing, where output growth has been relatively fast and capacity utilization rising (see Charts 3 and 4).

Notwithstanding these positive fundamentals, first-quarter real GNP fell 6.6% at a seasonally adjusted annual rate. Although consumer spending rose 3.6% — more or less in line with expectations — construction investment (12% of real GNP in 1985) tumbled 33%, plant and equipment investment fell 9%, and the contribution of inventories

Chart 2

*New orders to German manufacturing*
*1980 = 100, in real terms*




* Affected by strikes.

was heavily negative. Harsh weather and changed vacation patterns undoubtedly had much to do with the setback. Even so, activity was weak. Tight monetary conditions may have been largely responsible: nominal interest rates declined little during the quarter, whereas consumer and — especially — wholesale prices were falling steeply. Since a falling price level was not wholly unexpected, given exchange rate and oil price developments, the real short-term interest costs incurred by firms were enormously high, perhaps exceeding 10% at times.

During the second quarter, Germany's real interest rates still were high, but less punitive than before. Investment almost certainly rebounded but, for the year as a whole, now may fall short of the 6% or so real growth once expected (within this total, spending on plant and equipment will rise much faster than on construction). Inventory accumulation also looks likely to disappoint initial hopes. Meanwhile, government consumption may rise by only 2¼%. However, private consumption seems on course for a year-on-year increase of around 4¾%, allowing domestic demand in total to add 3.8% to real GNP.

Consequently, imports should rise fully 6½% this year. Not only are the more robust elements of domestic demand relatively import-intensive, but also the price of imports is sharply lower, thanks to the mark's appreciation both against the dollar and in effective terms (see Chart 5). With export growth projected at a meager 2%, the upshot would be that the drop in net exports will subtract 1.2% from Germany's real GNP.

Taken together, domestic and foreign contributions lead to a revised prediction for German real GNP growth of 2.6% for 1986 (calendar-year basis). This is considerably less than the consensus predicted only recently, mainly because the positive impact of the oil price decline is taking hold one or two quarters later than anticipated. Indeed, the impact in the first quarter of 1986 — via high real interest rates and import cutbacks by oil producers — was negative. However, while Germany's projected economic growth for 1986 is modest when measured year-on-year, output by the fourth quarter of 1986 should be about 3¾% higher than a year earlier — a moderately satisfactory near-term result in light of the country's growth potential of around 2½% a year. It should be enough to bring some small decline in unemployment over the next twelve months.

### *Weak medium-term prospects*

Any quantification of Germany's growth prospects for 1987 must include a considerable statistical "carryover" from the peculiar output profile visualized for 1986: even were output to stagnate altogether during the course of 1987, there still would be year-on-year growth of 2½% between 1986 and 1987. More likely, growth during 1987 may run at a modest 1½%, which would yield a year-on-year gain of 3½% — a misleading characterization of what actually would be lackluster performance. For 1986 and 1987, taken together, growth would barely exceed the economy's increase in productive potential.

This prognosis rests on the near-certainty that external influences

*Table 3*

*Germany's tax burden*
*percent of GNP*

| | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|---|---|---|---|---|---|---|
| *Tax receipts* | 25.0 | 24.8 | 24.8 | 25.0 | 25.0 | 24.7 |
| *Social security contributions* | 17.4 | 17.8 | 17.3 | 17.3 | 17.4 | 17.4 |
| *Transfers* | —19.8 | —20.3 | —19.8 | —19.3 | —18.8 | —18.5 |

Chart 3

*Capacity utilization in German manfuacturing*

*percent*

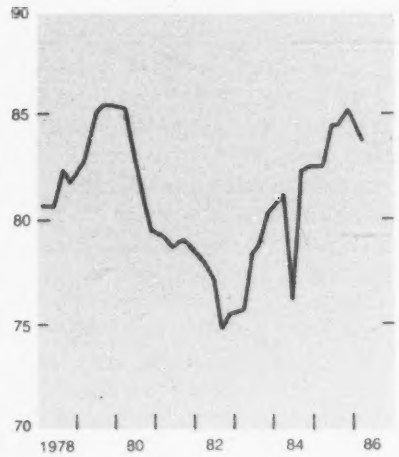
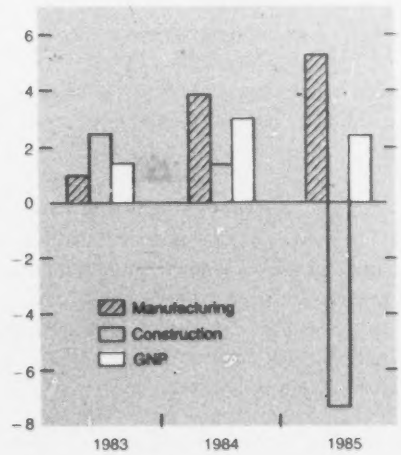



Chart 4

*German output growth*

*percent change from previous year*




will remain adverse with scant offsetting domestic stimulus forthcoming from present policies. With no repeat possible of the stimulus afforded by this year's oil price decline — in some ways akin to a fiscal stimulus — the German economy faces reversion over the medium term to the subpar growth and rising unemployment that plagued it in the first half of the 1980s.

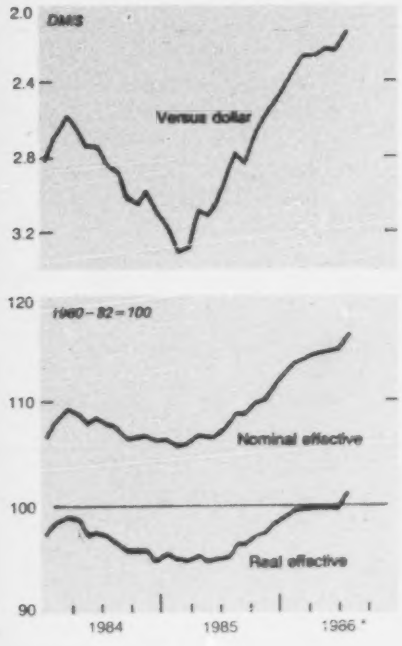
Naturally, that is not the appraisal of those who claim that Germany's unswerving policies are breeding a spontaneous, self-generating recovery of domestic demand. In principle, following a protracted period of policy-induced retrenchment, such as Germany experienced during the first half of the 1980s, an economy will recover automatically: in the depth of recession, nominal GNP will grow more slowly than money supply, provided the latter is not reined back in line with the fall in inflation; interest rates will be driven down and stimulate demand. But in practice, whatever the principle, self-generating forces for recovery are weak, slow-acting, and uncertain. Besides, if Germany's domestic demand is to continue recovery beyond this year, the economy will develop increased needs for monetary liquidity amid low inflation and ongoing financial innovation and deregulation. It is vital that the Bundesbank takes into account these needs in setting its money growth targets for 1987 and subsequent years.

Allegedly, "spontaneous" recovery will enjoy a powerful boost from the confidence built by successful "consolidation" of Germany's budget deficit. In fact, for several years there has been little progress in improving the budgetary position on a structural reckoning, that is, after cyclical adjustment and counting only the real cost of debt service in net terms (treating Bundesbank profit transfers as government interest receipts). Nor was the intensified austerity effort of the last few years necessary: whereas the structural deficit may well have been excessive around the turn of this decade, the problem had been righted by 1982. In fact, the structural position had moved into surplus (see Table 4). Subsequent cuts in the actual budget deficit (from 3.4% of GNP in 1982 to 1.1% in 1985) continued to dampen activity, limit growth of the capital stock (see Table 5), and thereby amplify the recession-induced squeeze on capacity. Because the recession depressed growth in capacity, and thus potential output, the structural budget surplus today — although substantial — is not much greater than in 1982. Nor has austerity materially reduced the burden of taxes and social security contributions, which might have fostered some supply-side dynamism. Meanwhile, German consumer confidence was severely depressed during the consolidation period, recovering only after announced fiscal tightening ceased and then, more recently, with the help of lower oil prices.

Once this windfall dies away, a faltering external environment could well overcome the fragile underpinnings of domestic demand. Already, the once-strong export profits have begun to fade. And export opportunities will be hard to find, not just in 1986 but for several years to come. In particular, Germany will have to cope with U.S. budget and current account deficit reduction. The consequences could be far less benign than many German and other European commentators assume, based on the reading — shared even by some U.S. economists — that the U.S. budget deficit has been detrimental to European growth. On that view, the fall in world interest rates resulting from U.S. budgetary tightening should stimulate domestic investment and private consumption

Chart 5

*Exchange rate of the mark*




* Latest plotting July 25

in other countries. That lift, it is claimed, would more than offset any shortfall in net external demand as the U.S. current account deficit shrinks. However, there is neither analytic nor empirical evidence to support so complacent an assessment.

Worldwide, long-term interest rates have fallen quite substantially over the last twelve months (see Chart 6), especially in nominal terms but also, it would appear, in real terms. Expectations that inflation will remain subdued over the long term have been the principal force for lower interest rates. They have benefited too from market anticipations of future U.S. budgetary tightening, Gramm-Rudman problems notwithstanding. Because *anticipations* have had favorable interest rate effects *already*, it is vital to recognize that long-term rates will fall little further once actual budget cuts wreak their demand-depressing impact. Thus, Germany currently is borrowing a growth stimulus from the future, but will have to pay it back when the tightening becomes a reality.

In sum, unless the German authorities now act affirmatively, present trends — domestic and external — would cut the country's output yet further below its potential performance over the balance of the decade. One bitter consequence would be a renewed increase in German labor market slack. Joblessness could again run nearer 9% of the labor force than the unsatisfactory current rate of 8%. Moreover, capital formation would take a beating, since slow growth stifles domestic investment opportunities and diverts an excessive fraction of whatever savings occur into foreign investment via current account surpluses.

### *Entrenched pessimism*

The dreary prospects facing Germany beyond this year typically are greeted with resignation in Germany itself. As elsewhere in Europe, a curious belief has taken hold that higher output growth is not attainable. The inference is drawn that a given output growth somehow must be "twisted" with the aid of wage moderation to provide stronger employment growth. In fact, mainstream economics has always recognized that, if greater employment actually does result from wage moderation, output too must rise — unless technology rolls backward or the capital stock falls to the overall detriment of the economy.

Pessimism equally extends to the unemployment question. All too often, joblessness is belittled as "voluntary." Yet as recently as 1980, Germany's unemployment rate stood at 3.4%. In the 1960s it averaged a mere 0.8% — one-tenth the present figure. Notwithstanding changed social attitudes, large-scale joblessness represents an enormous waste of resources. Much of today's unemployment has become structural in nature through the interaction of slow growth and low investment with wage-setting behavior that has

*Table 4*

*Germany's structural budget balance*

*federal, state, and local governments plus social security fund, as percent of GNP*

| | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|---|---|---|---|---|---|---|
| *Actual balance* | —3.9 | —3.4 | —2.5 | —1.9 | —1.1 | —0.9 |
| *Cyclical adjustment** | 1.5 | 3.6 | 3.5 | 2.6 | 1.7 | 1.6 |
| *Structural balance** | —2.4 | 0.2 | 1.0 | 0.7 | 0.6 | 0.7 |
| *Net interest payments*** | 1.5 | 1.3 | 1.6 | 1.6 | 1.6 | 1.6 |
| *Structural balance, net of interest* | —0.9 | 1.5 | 2.6 | 2.3 | 2.2 | 2.3 |
| *Excess structural balance**** | —1.1 | 1.3 | 2.4 | 2.0 | 1.9 | 2.0 |

*Assumes potential growth at an underlying rate of 2½% a year until 1982 and in 1986. Budgetary contraction depressed potential growth in 1983-85 to an estimated 0.8% a year; this is reflected in the calculations. In the absence of this change, potential would have continued to grow at its underlying rate of 2½% and the change in the structural balance between 1981 and 1986 would have cumulated to 5.6% of GNP rather than the 3.1% shown in the table.

**Bundesbank profit transfers treated as interest receipts.

***Excess of structural balance, net of interest, over surplus required to maintain public debt/GNP ratio constant in the medium term. The surplus equals the net public debt times the difference between an assumed long-term real interest rate of 3¾% and the underlying potential economic growth rate of 2½%.

*Table 5*

### *Germany's capital stock*

*gross stock annual average percent change, in real terms*

| | *Manufacturing* | *Total business sector** |
|---|---|---|
| *1960-72* | 7.0 | 6.5 |
| *1972-80* | 2.4 | 3.9 |
| *1980-85* | 1.3 | 2.9 |
| *1981* | 2.0 | 3.4 |
| *1982* | 1.2 | 2.9 |
| *1983* | 1.1 | 2.7 |
| *1984* | 1.0 | 2.7 |
| *1985* | 1.2 | 2.7 |

*Excluding agriculture and housing.

frozen out those initially denied jobs by inadequate demand. To remedy the structural problem, institutional reforms are needed to give freer rein to the market forces that would most improve the supply potential of the German economy.

Regrettably, supply-side progress has been glacial to date. Here too, deep-rooted immobilism limits future possibilities. At last, however, the government is putting new impetus behind its long-moribund privatization program. But radical reforms, as the government may now be contemplating, also are needed in the ramshackle tax system, particularly as it bears on business. Company law and corporate finance practices still need attention, as do shopping-hours restrictions and licensing requirements in a wide range of services and professions. Most important is the promotion of real competition throughout the economy, including the protected areas of telecommunications and transport — where Germany is balking at EC efforts to open up the market — and agriculture, where Germany has been tending to throw its weight behind restrictive EC practices.

Such market reforms would raise the productivity of the German economy, strengthening employment despite rigidly high real wages. However, a much greater payoff in terms of investment, supply potential, and job creation would be won through improved functioning of the labor market. The government has shown some recognition of this through its recent changes in benefits to certain workers laid off as a result of strikes. Political circumstances and the country's traditions will determine whether further progress takes the form of labor-market deregulation and dilution of union power, wage moderation based on tax incentives and profit sharing, or direct government involvement in wage-setting.

Whichever route is taken, major improvements in market efficiency will be slow in coming to pass. It would be helpful if supply-side reforms were approached in Germany with a positive spirit and with the expectation of more than marginal result. Neither is probable in the absence of robust economic growth, which in turn is improbable without supportive demand-side policies.

### *A program for faster growth*

The immediate priority should be to take up the existing slack in the German economy. Today, the economy's "output gap" is of the order of 2% to 3%.* It should shrink somewhat during the course of this year. Thereafter, as noted earlier, the gap is likely to widen again and could reach 3% to 5% before the end of the decade. That could be prevented by a more expansionary thrust of domestic policies — and without inflationary harm.

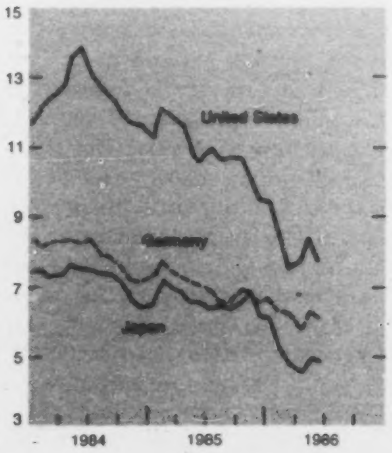
By definition, the existence of a sizable output gap implies that capacity constraints are not binding for the economy at large, although with stepped-up growth they would naturally emerge sooner in some sectors than in others. Nor need faster economic growth undo the past several years' impressive recovery in the share of Germany's GNP going to profits rather than labor costs (see Table 6).

Quite different from today's was

*Chart 6*

*Long-term government bond yields*

*percent per annum*




*At first blush, Germany's high unemployment points to a much wider margin of slack, as too does simple extrapolation of the end-1970s' peak level of output at the economy's underlying growth trend. Unfortunately, the slow growth of output in the early years of this decade depressed physical investment, especially in manufacturing where capacity utilization now runs fairly high. However, appreciation of the mark is likely to tilt future German growth away from manufacturing toward other sectors of the economy, where output growth has been particularly slow in the recent past yet growth of capital better sustained. Accordingly, the less it relies on manufacturing, the greater is Germany's potential for increased economic growth.

*Table 6*

*Labor compensation in Germany*

| | As percent of GNP | Annual percent change per capita |
|---|---|---|
| *1979* | 55.7 | 5.9 |
| *1980* | 56.7 | 6.9 |
| *1981* | 57.0 | 5.2 |
| *1982* | 56.3 | 4.2 |
| *1983* | 55.0 | 3.8 |
| *1984* | 54.2 | 3.2 |
| *1985* | 53.8 | 3.1 |
| *1986* | 53.7 | 4.0 |
| *1987* | 53.4 | 3.0 |

*Table 7*

*Germany's current account balance*

| | $ billions | As percent of GNP |
|---|---|---|
| *1978* | 9.0 | 1.4 |
| *1979* | —6.0 | —0.8 |
| *1980* | —15.7 | —1.9 |
| *1981* | —5.2 | —0.8 |
| *1982* | 4.1 | 0.6 |
| *1983* | 4.1 | 0.6 |
| *1984* | 7.0 | 1.1 |
| *1985* | 13.3 | 2.1 |
| *1986* | 26.3 | 2.9 |
| *1987* | 22.4 | 2.1 |

the economic backdrop to the "locomotive strategy" of the late 1970s. That strategy, which was launched at the 1978 economic summit in Bonn, was intended to provide a concerted boost to aggregate demand worldwide. It was soon overtaken by events, most notably by the Iranian revolution, which provoked a huge jump in oil prices. Besides, the degree of general economic slack had been overestimated, adding to cost pressures and fueling inflation everywhere. Most industrial countries swiftly changed course, but Germany persisted with fiscal expansion. In the end, its unintentional function as lone locomotive resulted not only in unacceptable inflation but also a large current account deficit. Ever since, German officials have reiterated unbending opposition to anything that smacks of a locomotive rerun. However, their position grossly exaggerates any parallels between the circumstances of the late 1970s and those of the present. Economic slack is pervasive in today's global economy, notably in oil and commodity markets. And in Germany itself, both cost pressures and inflation are minimal, while the current account is in outsize surplus of as much as $26 billion this year (see Table 7). The case for expansionary policies is unanswerable.

A well-conceived program for expansion in Germany should involve a balance of fiscal and monetary actions. Neither should bear the burden alone. Fortunately, both are ripe for carefully judged relaxation.

Consider, first, the fiscal posture, which points at present to a fast-declining public-debt-to-GNP ratio in the years ahead. A loosening by DM 40 billion, or 2% of GNP, would constitute but a third of the tightening that has occurred since 1981 on an ex ante basis, that is, before taking account of the effect of shortfalls in activity on either the actual budget deficit or the level of potential output. The budgetary position would remain in much better shape than before the consolidation process began and would be consistent with no increase, over the medium term, in the ratio of debt to GNP. The DM 40 billion tax cuts now envisioned as part of a future overhaul of the tax system therefore should be implemented without budgetary offset. At the same time, efforts to restrain public spending should be pressed forward, with particular emphasis on curbing trade-distorting subsidies; success in spending restraint would open the way for additional tax cuts.

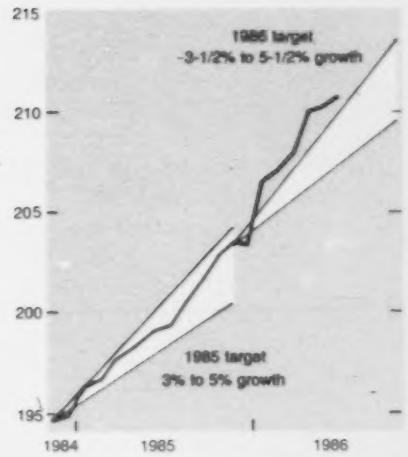
Second, relaxation of monetary policy should complement budgetary easing, even at the sacrifice of strict adherence to the Bundesbank's present 1986 target of 3½%-5½% growth in central bank money (CBM). CBM has been growing above that range (see Chart 7). Interpretation is complicated not only by the long-standing phenomenon of speculatively motivated external capital flows — this year relating to the April realignment in the European Monetary System — but also, and increasingly, by shifts in apparent preferences within Germany for holding currency. For some years already, these shifts — which breed unpredictable behavior of monetary velocity — have been recognized and taken into account by U.S. and U.K. monetary authorities. However, their occurrence is comparatively novel in Germany and their implications for monetary policy are not yet digested. Their prime implication is the need for a degree of eclecticism in judging the policy stance, heeding not only traditional monetary data but also trends in the rate of inflation, the exchange rate, and real economic growth.

Focusing on inflation, it is worth recalling that last December, before the fall in oil prices, the Bundes-

Chart 7

*Germany's money supply and target ranges*

*central bank money, seasonally adjusted*




bank guardedly welcomed the achievement of "virtual price stability" in Germany. Both consumer prices and the GNP deflator had increased by about 2% in 1985, and the increase in the deflator — which is widely viewed as the best measure of "underlying" inflation — was targeted at 2% for 1986.** The deflator is not strictly a price but more nearly a weighted average of labor costs and profits. Consequently, this year's unexpectedly favorable terms of trade, which have made room for a slight acceleration in wages without harm to profits, are causing the deflator to rise temporarily at a rate close to 2¾%. Since the deflator is generally expected to fall back again in 1987 to a rate below 2%, price stability does not appear in jeopardy by the favored official test. Still less is price stability at risk — at any rate, not on the upside — by the test of consumer or wholesale prices. These prices, which are more directly relevant to business and household behavior, have been falling this year, driven by plunging import costs.

Excellent inflation performance fulfills one precondition for German monetary easing. An appreciating mark provides additional incentive. The Federal Reserve's half-point, mid-July cut in the U.S. discount rate elicited no follow-up cut in German interest rates. Within little more than a week, the mark rose perceptibly against the dollar. Although the Federal Reserve foresees a strengthening U.S. economy, few believe a sharp rebound to be imminent. Significantly, despite the dollar's seventeen-month decline, U.S. inflation remains well contained but the trade deficit has yet to turn around. Indeed, exports have declined this year, while non-oil imports have risen sharply above year-earlier levels. Against this background, the U.S. authorities may judge further dollar depreciation a gamble worth taking. Should they move to cut U.S. short-term interest rates once more, as many now expect, the mark will again meet upward pressure — and with no clear end in sight. That would darken still further the already somber medium-term prospects for Germany's exports and jobs.

Consequently, the German authorities now must resolve an uncomfortable dilemma: to accept an ever-strengthening mark at the cost of German industry's competitiveness; or to ease macroeconomic policy in the interest of a more stable exchange rate and stepped-up growth of their domestic economy. Since Germany now has no counterinflationary prize to gain from further currency appreciation, its self-interest points to faster economic growth. The steps needed include early and substantial cuts in German interest rates.

Once that implication is accepted — and the sooner it is, the better for Germany — the Bundesbank would be well advised to rebase and revise upward its 1986 CBM target as part of an articulated program of stabilization and demand support. At the same time, the Bundesbank should give a preliminary indication of its views on appropriate targets for subsequent periods, at least for 1987. Careful explanation would help sustain the confidence of financial markets in the medium-term quiescence of inflation. Germany's enlightened example would facilitate similar action by other central

**Neither the GNP deflator nor any standard price measure establishes the "underlying" inflation rate to which the economy would tend in the absence of supply or demand shocks; all are buffeted by the shocks that have actually occurred. The underlying rate probably is most influenced by expectations of the long-term trend in money growth. Given those expectations, below-trend economic growth — or, for that matter, exchange-rate appreciation — merely produces a temporary dip in recorded inflation. It offers few of the benefits to be gained from a fall in underlying inflation but does impose real costs on the economy through inflation variability and uncertainty.

banks, not only furthering international coordination and cooperation but also redounding to Germany's own benefit through strengthened export markets.

In all, the price of continued policy inaction in Germany is unacceptably high, both for Germany itself and the world at large: German industry would suffer through ever-upward pressure on the mark, given that the United States, being unlikely to opt for domestic recession, would have to go for dollar depreciation to tackle its trade problems; the United States then would experience higher inflation than otherwise necessary. Germany's neighbors would be severely handicapped by the slow growth of Europe's anchor economy. And the developing countries would find their hopes for export-oriented growth frustrated amid compounded financial problems. All these are weighty reasons for Germany to adopt the positive choice: to go for growth at home.

## *Statistical appendix*

*For key to data in tables see pages 18 and 19.*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Information herein is from sources considered to be reliable but is furnished without responsibility on the part of Morgan Guaranty Trust Company.

# Nominal effective exchange rates

*Index numbers, 1980-82 average=100.*

| | | United States | Canada | Japan | Australia | France | Germany | Italy | United Kingdom | Austria | Belgium | Netherlands | Spain | Switzerland | Denmark | Norway | Sweden |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981 | | 99.5 | 100.2 | 105.8 | 104.0 | 100.4 | 97.2 | 98.8 | 102.1 | 98.9 | 101.8 | 97.1 | 99.4 | 98.3 | 99.2 | 100.1 | 103.3 |
| 1982 | | 109.8 | 99.4 | 98.8 | 100.1 | 93.1 | 102.8 | 92.8 | 98.1 | 101.7 | 92.3 | 102.7 | 94.1 | 106.3 | 95.7 | 101.7 | 92.8 |
| 1983 | | 114.2 | 100.8 | 107.8 | 92.0 | 87.3 | 107.6 | 90.3 | 91.6 | 103.6 | 90.0 | 105.0 | 78.4 | 111.5 | 96.4 | 99.4 | 82.2 |
| 1984 | | 122.4 | 97.3 | 113.0 | 94.2 | 84.4 | 107.4 | 86.7 | 88.1 | 103.6 | 88.9 | 104.0 | 77.4 | 110.5 | 93.9 | 97.8 | 84.3 |
| 1985 | | 127.1 | 92.8 | 115.8 | 76.3 | 85.4 | 107.7 | 82.2 | 88.2 | 104.2 | 89.5 | 103.9 | 75.6 | 109.5 | 95.0 | 95.6 | 83.9 |
| 1985 | | | | | | | | | | | | | | | | | |
| July | | 126.1 | 93.5 | 113.1 | 75.4 | 85.2 | 107.1 | 81.4 | 93.6 | 103.8 | 89.0 | 103.5 | 75.5 | 110.2 | 94.5 | 95.7 | 83.8 |
| August | | 124.0 | 92.8 | 113.6 | 75.4 | 86.3 | 108.7 | 80.0 | 91.4 | 104.7 | 89.6 | 104.8 | 75.2 | 112.2 | 95.0 | 95.6 | 83.1 |
| September | | 125.2 | 92.1 | 114.9 | 74.0 | 86.3 | 108.6 | 79.9 | 91.3 | 104.7 | 89.6 | 104.6 | 74.1 | 109.9 | 94.9 | 95.7 | 83.4 |
| October | | 118.9 | 91.3 | 123.6 | 71.8 | 87.3 | 109.8 | 80.1 | 89.9 | 105.2 | 90.1 | 105.4 | 73.1 | 113.3 | 96.1 | 95.3 | 83.1 |
| November | | 117.0 | 90.3 | 129.5 | 67.9 | 87.6 | 109.9 | 80.2 | 89.7 | 105.2 | 90.5 | 105.6 | 72.8 | 113.4 | 96.5 | 94.8 | 83.3 |
| December | | 116.1 | 88.9 | 129.2 | 67.8 | 88.3 | 111.3 | 80.2 | 88.3 | 105.9 | 90.4 | 106.7 | 72.9 | 112.3 | 97.3 | 94.9 | 83.1 |
| 1986 | | | | | | | | | | | | | | | | | |
| January | | 115.1 | 87.9 | 130.1 | 69.1 | 88.8 | 112.5 | 81.0 | 85.3 | 106.4 | 91.1 | 107.6 | 73.0 | 112.1 | 97.6 | 94.8 | 82.7 |
| February | | 111.2 | 87.5 | 138.8 | 66.9 | 89.5 | 113.5 | 81.7 | 82.6 | 106.8 | 91.6 | 108.2 | 73.2 | 114.2 | 98.1 | 95.3 | 82.0 |
| March | | 109.0 | 87.3 | 142.3 | 66.5 | 89.6 | 113.8 | 82.0 | 83.1 | 107.1 | 91.7 | 108.5 | 73.8 | 114.0 | 98.3 | 94.7 | 81.9 |
| April | | 108.1 | 88.0 | 144.9 | 67.4 | 86.8 | 114.1 | 81.7 | 85.0 | 107.1 | 92.4 | 108.7 | 73.5 | 114.9 | 98.3 | 94.5 | 81.9 |
| May | | 105.8 | 88.4 | 150.9 | 66.5 | 86.5 | 114.5 | 82.0 | 84.9 | 107.0 | 92.6 | 109.1 | 73.6 | 115.6 | 98.7 | 89.8 | 82.0 |
| June | | 106.5 | 87.6 | 151.1 | 63.2 | 86.5 | 114.6 | 82.0 | 84.5 | 107.1 | 92.6 | 109.2 | 73.2 | 117.1 | 98.9 | 87.8 | 81.8 |
| May | 9 | 104.6 | 88.0 | 152.1 | 67.0 | 86.7 | 114.7 | 82.2 | 84.7 | 107.1 | 92.8 | 109.2 | 73.8 | 115.9 | 98.8 | 94.4 | 81.7 |
| | 16 | 104.6 | 88.1 | 154.0 | 65.6 | 86.7 | 114.8 | 82.2 | 84.7 | 107.2 | 92.8 | 109.2 | 73.9 | 116.2 | 99.2 | 87.8 | 82.0 |
| | 23 | 106.4 | 89.0 | 150.2 | 66.4 | 86.4 | 114.3 | 81.9 | 84.9 | 107.0 | 92.6 | 109.0 | 73.6 | 115.7 | 98.7 | 87.9 | 82.4 |
| | 30 | 107.7 | 88.7 | 148.9 | 66.9 | 86.1 | 113.9 | 81.7 | 85.3 | 106.8 | 92.2 | 108.8 | 73.1 | 115.8 | 98.4 | 87.9 | 82.4 |
| June | 6 | 107.7 | 87.6 | 148.9 | 64.9 | 86.4 | 114.3 | 82.0 | 84.5 | 107.0 | 92.5 | 109.1 | 73.1 | 116.4 | 98.8 | 87.9 | 82.1 |
| | 13 | 106.0 | 87.6 | 151.7 | 63.3 | 86.6 | 114.7 | 82.1 | 84.6 | 107.2 | 92.7 | 109.3 | 73.3 | 117.1 | 99.2 | 87.8 | 81.7 |
| | 20 | 106.5 | 87.6 | 151.5 | 63.6 | 86.5 | 114.6 | 82.1 | 84.4 | 107.1 | 92.6 | 109.2 | 73.2 | 117.2 | 98.9 | 87.9 | 81.7 |
| | 27 | 106.1 | 87.6 | 152.0 | 61.5 | 86.5 | 114.6 | 82.1 | 84.7 | 107.0 | 92.6 | 109.2 | 73.2 | 117.7 | 98.9 | 87.8 | 81.8 |
| July | 4 | 104.7 | 87.9 | 154.7 | 58.9 | 86.6 | 114.9 | 82.2 | 84.9 | 107.1 | 92.7 | 109.4 | 73.6 | 118.8 | 99.1 | 87.8 | 81.6 |
| | 11 | 104.6 | 88.0 | 156.8 | 57.1 | 86.3 | 115.2 | 82.4 | 83.9 | 107.2 | 92.6 | 109.7 | 74.0 | 118.8 | 98.9 | 87.7 | 81.6 |

# Real effective exchange rates — industrial countries

*Index numbers, 1980-82 average=100.*

| | United States | Canada* | Japan | Australia | France* | Germany | Italy | United Kingdom | Austria | Belgium* | Netherlands* | Spain | Switzerland | Denmark | Norway | Sweden |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981 | 100.7 | 99.9 | 104.7 | 102.8 | 99.8 | 97.4 | 98.7 | 102.3 | 99.1 | 100.9 | 97.3 | 99.4 | 98.8 | 99.2 | 101.1 | 102.1 |
| 1982 | 109.8 | 101.1 | 92.4 | 104.3 | 96.8 | 99.6 | 98.1 | 98.1 | 100.8 | 92.0 | 101.5 | 100.2 | 102.8 | 97.5 | 102.5 | 96.9 |
| 1983 | 112.8 | 103.9 | 96.8 | 100.2 | 94.4 | 100.5 | 101.0 | 92.8 | 102.1 | 89.1 | 101.1 | 91.3 | 104.2 | 99.2 | 101.6 | 91.9 |
| 1984 | 118.0 | 102.7 | 97.7 | 105.2 | 96.4 | 97.3 | 101.4 | 89.8 | 103.0 | 88.1 | 99.3 | 95.6 | 99.7 | 98.7 | 100.3 | 97.2 |
| 1985 | 121.0 | 99.0 | 96.5 | 88.8 | 99.8 | 96.0 | 99.9 | 92.4 | 103.2 | 87.4 | 97.3 | 97.7 | 97.9 | 98.5 | 99.2 | 98.2 |
| 1985 | | | | | | | | | | | | | | | | |
| July | 120.3 | 99.3 | 93.7 | 88.6 | 99.9 | 95.2 | 99.4 | 98.1 | 103.0 | 86.9 | 97.1 | 97.4 | 97.9 | 96.8 | 99.2 | 97.6 |
| August | 118.1 | 98.7 | 94.2 | 89.2 | 101.5 | 96.5 | 97.9 | 96.2 | 103.7 | 87.3 | 98.0 | 97.4 | 99.4 | 97.8 | 98.2 | 97.2 |
| September | 117.6 | 99.3 | 95.6 | 87.8 | 101.1 | 96.6 | 98.1 | 96.6 | 103.6 | 87.0 | 97.7 | 97.0 | 98.1 | 98.0 | 100.7 | 97.2 |
| October | 113.9 | 97.1 | 101.4 | 84.8 | 101.8 | 97.3 | 98.8 | 95.1 | 104.1 | 87.1 | 97.8 | 96.0 | 101.5 | 100.4 | 99.8 | 97.2 |
| November | 112.3 | 96.0 | 105.6 | 80.5 | 101.9 | 97.4 | 98.9 | 95.0 | 104.4 | 87.2 | 97.8 | 96.3 | 101.6 | 100.7 | 100.3 | 97.3 |
| December | 111.5 | 95.0 | 105.2 | 80.9 | 102.1 | 98.3 | 99.4 | 94.0 | 105.8 | 87.0 | 99.0 | 96.7 | 100.5 | 101.8 | 100.3 | 97.2 |
| 1986 | | | | | | | | | | | | | | | | |
| January | 109.7 | 95.1 | 105.8 | 83.3 | 101.8 | 99.2 | 100.9 | 91.8 | 107.4 | 87.7 | 99.6 | 99.7 | 99.0 | 100.6 | 100.8 | 97.5 |
| February | 105.0 | 95.6 | 113.1 | 81.9 | 102.5 | 99.9 | 101.1 | 90.0 | 108.5 | 87.9 | 100.4 | 101.2 | 100.7 | 102.2 | 101.4 | 97.1 |
| March | 101.9 | 96.2 | 116.2 | 82.5 | 102.3 | 100.0 | 101.3 | 91.6 | 108.9 | 87.9 | 101.0 | 103.2 | 101.0 | 103.7 | 101.6 | 96.6 |
| April | 101.0 | 96.8 | 117.5 | 84.5 | 98.7 | 100.2 | 100.9 | 94.9 | 108.9 | 87.9 | 101.2 | 103.7 | 101.5 | 107.2 | 102.2 | 96.4 |
| May | 100.0 | 96.0 | 121.3 | 84.0 | 98.0 | 100.1 | 100.9 | 95.3 | 109.3 | 88.2 | 101.7 | 104.4 | 101.9 | 108.7 | 97.2 | 96.7 |
| June | 101.0 | 94.9 | 120.8 | 80.7 | 97.6 | 100.0 | 100.7 | 95.3 | 109.8 | 88.0 | 101.9 | 105.0 | 102.9 | 110.4 | 95.7 | 96.5 |

*Revised to incorporate new national price data. Revisions also affect indices for other countries.

# Real effective exchange rates — developing countries

*Index numbers, 1980-82 = 100*

| | Argentina | Brazil | Chile | Colombia | Mexico | Peru | Venezuela | Hong Kong | Indonesia | Korea | Malaysia | Philippines | Singapore* | Taiwan | Israel | Turkey |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *1981* | 107.5 | 103.2 | 108.1 | 100.4 | 114.1 | 103.2 | 99.6 | 99.4 | 99.7 | 101.2 | 99.3 | 101.2 | 101.9 | 102.6 | 99.2 | 104.4 |
| *1982* | 76.4 | 112.2 | 96.7 | 104.9 | 81.9 | 103.8 | 109.1 | 102.3 | 110.9 | 103.0 | 104.7 | 105.6 | 99.9 | 96.5 | 107.9 | 95.6 |
| *1983* | 71.2 | 85.9 | 88.9 | 104.2 | 78.1 | 97.9 | 116.3 | 96.8 | 95.8 | 97.5 | 113.1 | 95.4 | 100.8 | 93.3 | 120.1 | 93.4 |
| *1984* | 79.9 | 85.7 | 89.9 | 99.4 | 91.6 | 105.7 | 85.6 | 100.4 | 96.8 | 96.1 | 119.3 | 107.6 | 101.5 | 95.6 | 118.8 | 90.9 |
| *1985* | 70.9 | 84.9 | 79.5 | 85.3 | 90.1 | 96.1 | 92.5 | 106.2 | 95.6 | 88.8 | 116.0 | 114.1 | 94.8 | 93.0 | 106.0 | 91.3 |
| *1985* | | | | | | | | | | | | | | | | |
| *June* | 75.4 | 81.0 | 84.7 | 86.6 | 97.4 | 99.9 | 93.4 | 108.1 | 98.8 | 90.1 | 118.7 | 116.6 | 97.6 | 94.6 | 105.7 | 90.3 |
| *July* | 67.8 | 78.9 | 76.7 | 83.3 | 93.9 | 99.8 | 92.8 | 105.4 | 96.1 | 87.8 | 116.4 | 113.6 | 91.6 | 91.9 | 99.5 | 86.8 |
| *August* | 67.0 | 80.6 | 74.2 | 81.6 | 82.0 | 92.1 | 92.7 | 103.3 | 94.5 | 86.0 | 114.8 | 110.3 | 90.1 | 90.3 | 98.6 | 85.4 |
| *September* | 67.7 | 81.0 | 75.6 | 80.6 | 82.7 | 94.6 | 94.1 | 105.0 | 94.5 | 86.1 | 115.6 | 111.7 | 92.3 | 90.9 | 102.0 | 86.4 |
| *October* | 65.0 | 79.5 | 73.1 | 76.3 | 78.8 | 91.4 | 90.9 | 101.7 | 88.7 | 82.0 | 111.0 | 106.6 | 90.1 | 87.7 | 100.9 | 85.4 |
| *November* | 64.1 | 80.2 | 72.5 | 73.7 | 77.1 | 90.6 | 90.4 | 100.6 | 86.5 | 80.7 | 109.9 | 105.6 | 89.2 | 87.0 | 101.5 | 85.1 |
| *December* | 63.7 | 80.5 | 71.9 | 71.5 | 74.6 | 90.7 | 90.4 | 99.8 | 85.9 | 80.2 | 109.2 | 104.7 | 88.6 | 86.7 | 101.4 | 83.1 |
| *1986* | | | | | | | | | | | | | | | | |
| *January* | 63.2 | 79.7 | 70.9 | 72.5 | 72.2 | 91.1 | 91.5 | 99.0 | 85.9 | 79.5 | 108.1 | 104.9 | 87.5 | 86.7 | 100.9 | 83.3 |
| *February* | 62.0 | 82.4 | 68.3 | 71.5 | 70.6 | 91.5 | 91.7 | 98.2 | 83.0 | 77.4 | 104.4 | 94.4 | 85.1 | 86.3 | 100.4 | 81.3 |
| *March* | 62.7 | 76.4 | 68.0 | 70.6 | 69.6 | 91.8 | 92.2 | 97.2 | 81.3 | 75.5 | 101.2 | 93.0 | 83.6 | 84.6 | 99.9 | 75.7 |
| *April* | 62.9 | 75.2 | 69.7 | 70.6 | 68.0 | 95.7 | 92.8 | 99.0 | 81.4 | 73.9 | 99.1 | 93.9 | 83.1 | 85.4 | 102.1 | 73.6 |
| *May* | 61.9 | 74.4 | 69.8 | 69.7 | 66.7 | 96.0 | 92.6 | 97.9 | 80.3 | 72.8 | 97.4 | 91.8 | 81.0 | 85.5 | 102.3 | 73.4 |

*Revised to incorporate new national price data. Revisions also affect indices for other countries.

# International banking market size

*at end of period, billions of dollars*

| | 1981 | 1982 | 1983r | 1984 | | 1985 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Sepr | Decr | Marr | Junr | Sepr | Dec |
| **Gross claims** | | | | | | | | | |
| **Eurocurrencies, on residents and nonresidents** | **1 929** | **2 146** | **2 253** | **2 322** | **2 359** | **2 473** | **2 459** | **2 622** | **2 784** |
| *On nonbanks* | 557 | 634 | 665 | 676 | 694 | 722 | 735 | 761 | 789 |
| *On banks* | 1 372 | 1 512 | 1 588 | 1 646 | 1 665 | 1 751 | 1 724 | 1 861 | 1 975 |
| *In dollars* | 1 504 | 1 694 | 1 797 | 1 857 | 1 894 | 1 960 | 1 924 | 2 002 | 2 039 |
| *In other currencies* | 425 | 452 | 456 | 465 | 466 | 513 | 535 | 620 | 725 |
| **Domestic currencies, on nonresidents** | **365** | **398** | **398** | **397** | **402** | **409** | **422** | **451** | **503** |
| *On nonbanks* | 128 | 132 | 136 | 142 | 142 | 147 | 150 | 165 | 185 |
| *On banks* | 237 | 266 | 262 | 255 | 260 | 262 | 272 | 286 | 318 |
| *In dollars* | 188 | 211 | 217 | 208 | 215 | 208 | 209 | 205 | 215 |
| *In other currencies* | 177 | 187 | 181 | 185 | 187 | 201 | 213 | 246 | 288 |
| **Total** | **2 294** | **2 544** | **2 651** | **2 719** | **2 761** | **2 882** | **2 881** | **3 073** | **3 287** |
| *On nonbanks* | 685 | 766 | 801 | 818 | 836 | 869 | 885 | 926 | 974 |
| *On banks* | 1 609 | 1 778 | 850 | 1 901 | 1 925 | 2 013 | 1 996 | 2 147 | 2 293 |
| *In dollars* | 1 692 | 1 905 | 2 014 | 2 069 | 2 109 | 2 168 | 2 133 | 2 207 | 2 254 |
| *In other currencies* | 602 | 639 | 637 | 650 | 652 | 714 | 748 | 866 | 1 013 |
| **Gross liabilities** | | | | | | | | | |
| **Eurocurrencies, to residents and nonresidents** | **1 954** | **2 168** | **2 278** | **2 349** | **2 380** | **2 489** | **2 471** | **2 841** | **2 798** |
| *To nonbanks* | 372 | 432 | 479 | 492 | 497 | 508 | 520 | 548 | 572 |
| *To official monetary institutions* | 112 | 91 | 88 | 94 | 96 | 98 | 106 | 109 | 112 |
| *To other banks* | 1 470 | 1 645 | 1 711 | 1 763 | 1 793 | 1 885 | 1 845 | 1 986 | 2 112 |
| *In dollars* | 1 539 | 1 741 | 1 846 | 1 912 | 1 950 | 2 010 | 1 969 | 2 045 | 2 099 |
| *In other currencies* | 415 | 427 | 432 | 437 | 436 | 479 | 502 | 596 | 697 |
| **Domestic currencies, to nonresidents** | **263** | **250** | **260** | **277** | **280** | **293** | **310** | **341** | **377** |
| *To nonbanks* | 74 | 70 | 73 | 75 | 80 | 82 | 89 | 103 | 109 |
| *To banks* | 189 | 180 | 187 | 202 | 200 | 211 | 221 | 238 | 268 |
| *In dollars* | 126 | 116 | 135 | 143 | 146 | 147 | 154 | 159 | 169 |
| *In other currencies* | 137 | 134 | 125 | 134 | 134 | 146 | 156 | 182 | 206 |
| **Total** | **2 217** | **2 418** | **2 538** | **2 626** | **2 660** | **2 782** | **2 781** | **2 982** | **3 173** |
| *To nonbanks* | 446 | 502 | 552 | 567 | 577 | 590 | 609 | 649 | 681 |
| *To banks and official institutions* | 1 771 | 1 916 | 1 986 | 2 059 | 2 089 | 2 192 | 2 172 | 2 333 | 2 492 |
| *In dollars* | 1 665 | 1 857 | 1 981 | 2 055 | 2 096 | 2 157 | 2 123 | 2 204 | 2 268 |
| *In other currencies* | 552 | 561 | 557 | 571 | 570 | 625 | 656 | 778 | 906 |
| **Net market size** | **1 155** | **1 295** | **1 382** | **1 411** | **1 430** | **1 470** | **1 497** | **1 578** | **1 688** |

# Central bank discount rates

*at or near end of month*

| | 1983 | 1984 | 1985 | 1986 | | | | | Current | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Feb | Mar | Apr | May | Jun | Jul 21 1986 | effective since |
| United States | 8.50 | 8.00 | 7.50 | 7.50 | 7.00 | 6.50 | 6.50 | 6.50 | 6.00 | Jul 11, 86 |
| Canada | 9.96 | 10.09 | 9.49 | 11.80 | 10.44 | 9.27 | 8.58 | 8.84 | 8.34 | Jul 17, 86 |
| Austria | 3.75 | 4.50 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | Aug 19, 85 |
| Belgium | 10.00 | 11.00 | 9.75 | 9.75 | 9.75 | 8.75 | 8.00 | 8.00 | 8.00 | May 29, 86 |
| Denmark | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | Oct 27, 83 |
| Finland | 9.50 | 9.50 | 9.00 | 8.50 | 8.00 | 8.00 | 7.00 | 7.00 | 7.00 | May 19, 86 |
| France | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | Aug 31, 77 |
| Germany | 4.00 | 4.50 | 4.00 | 4.00 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | Mar 7, 86 |
| Ireland | 12.25 | 14.00 | 10.25 | 13.75 | 13.75 | 12.50 | 11.00 | 10.00 | 10.00 | Jun 18, 86 |
| Italy | 17.00 | 16.50 | 15.00 | 15.00 | 14.00 | 13.00 | 12.00 | 12.00 | 12.00 | May 27, 86 |
| Netherlands | 5.00 | 5.00 | 5.00 | 5.00 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | Mar 7, 86 |
| Norway | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | Jun 6, 83 |
| Portugal | 25.00 | 25.00 | 19.00 | 19.00 | 19.00 | 17.50 | 17.50 | 14.50 | 14.50 | Jun 30, 86 |
| Spain | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | Jul 26, 77 |
| Sweden | 8.50 | 9.50 | 10.50 | 9.50 | 8.50 | 8.00 | 8.00 | 8.00 | 8.00 | Apr 18, 86 |
| Switzerland | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | Mar 18, 83 |
| United Kingdom | 9.00 | 9.38 | 11.31 | 12.31 | 11.31 | 10.31 | 9.81 | 9.81 | 9.81 | May 21, 86 |
| Japan | 5.00 | 5.00 | 5.00 | 4.50 | 4.00 | 3.50 | 3.50 | 3.50 | 3.50 | Apr 21, 86 |
| New Zealand | 7.50 | 13.50 | 19.80 | 24.00 | 22.20 | n.a. | n.a. | n.a. | n.a. | Mar, 86 |
| South Africa | 18.50 | 21.75 | 13.50 | 12.50 | 12.50 | 12.50 | 11.50 | 11.50 | 11.50 | May 2, 86 |
| Argentina* | 15.10 | 18.19 | 5.00 | 5.00 | 6.69 | 6.18 | 6.18 | 6.20 | 6.20 | Jun 19, 86 |
| Korea | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 7.00 | Jul 10, 86 |
| Philippines | 8.05 | 12.11 | 11.50 | 11.03 | 10.52 | 11.02 | n.a. | n.a. | n.a. | Apr, 86 |
| Singapore | 7.00 | 6.75 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | Jul, 85 |
| Thailand | 13.00 | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | Jul 26, 85 |
| Venezuela | 11.00 | 11.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | Mar, 85 |

*Percent per month.

# Day-to-day money rates

*monthly averages*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 8.95 | 9.47 | 8.38 | 8.05 | 8.27 | 8.14 | 7.85 | 7.48 | 6.98 | 6.85 | 6.91 |
| Canada | 10.63 | 8.78 | 10.50 | 8.81 | 9.23 | 9.94 | 11.47 | 11.10 | 9.58 | 8.41 | 8.19 |
| Austria | 6.00 | 5.75 | 7.63 | 6.75 | 7.25 | 8.13 | 6.25 | 5.00 | 4.75 | 4.88 | 4.88 |
| Belgium | 9.29 | 7.39 | 9.12 | 7.91 | 6.60 | 8.10 | 8.47 | 7.20 | 8.67 | 6.49 | 5.37 |
| Finland | 11.50 | 16.70 | 15.07 | 12.37 | 11.96 | 11.64 | 11.40 | 11.21 | 11.20 | 12.02 | 10.83 |
| France | 12.88 | 12.27 | 10.95 | 8.98 | 9.01 | 8.83 | 8.77 | 8.52 | 8.18 | 7.38 | 7.22 |
| Germany | 6.15 | 5.61 | 5.62 | 4.61 | 4.64 | 4.58 | 4.59 | 4.90 | 4.76 | 4.30 | 4.40 |
| Ireland | 14.54 | 12.19 | 14.50 | 8.50 | 9.62 | 12.00 | 14.38 | 14.75 | 12.63 | 10.50 | 9.50 |
| Italy | 19.00 | 17.88 | 17.25 | 14.59 | 14.75 | 15.15 | 16.57 | 17.15 | 15.02 | 13.06 | 12.34 |
| Netherlands | 5.31 | 5.84 | 5.60 | 5.78 | 5.75 | 5.75 | 6.01 | 5.72 | 5.49 | 6.69 | 6.06 |
| Norway | 11.00 | 12.30 | 12.50 | 12.50 | 12.40 | 13.00 | 13.20 | 13.20 | 13.50 | 17.00 | 14.00 |
| Spain | 20.30 | 16.98 | 12.18 | 10.65 | 9.92 | 8.50 | 10.54 | 11.25 | 12.20 | 12.04 | 12.03 |
| Sweden | 9.31 | 11.52 | 11.88 | 12.00 | 11.83 | 13.00 | 11.10 | 10.83 | 11.58 | 11.33 | 10.00 |
| Switzerland | 1.25 | 1.88 | 1.50 | 0.75 | 2.00 | 2.00 | 1.75 | 2.25 | 2.25 | 2.00 | 1.75 |
| United Kingdom | 6.70 | 7.78 | 6.31 | 14.72 | 9.72 | 11.59 | 11.16 | 12.09 | 8.96 | 8.55 | 10.53 |
| Australia | 10.87 | 4.55 | 10.98 | 16.87 | 18.37 | 18.32 | 18.16 | 16.74 | 15.06 | 12.31 | 13.06 |
| Japan | 6.92 | 6.44 | 6.41 | 7.29 | 8.02 | 6.84 | 5.78 | 5.53 | 4.70 | 4.25 | 4.40 |
| South Africa | 14.15 | 16.06 | 21.13 | 13.13 | 12.50 | 12.00 | 11.25 | 11.75 | 12.00 | 10.63 | 10.69 |
| Argentina* | 12.77 | 14.65 | 17.75 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 5.00 |
| Brazil | 150.42 | 184.69 | 272.02 | 229.96 | 352.23 | 541.33 | 376.24 | 15.12 | 16.64 | 15.50 | 18.30 |
| Hong Kong | 9.13 | 13.90 | 6.80 | 5.43 | 6.10 | 5.93 | 6.63 | 6.48 | 7.81 | 6.02 | 6.91 |
| Korea | 13.84 | 11.40 | 10.00 | 9.00 | 8.80 | 8.50 | 9.40 | 9.70 | 11.00 | 10.30 | 10.00 |
| Philippines | 16.12 | 31.18 | 15.22 | 15.41 | 15.03 | 11.72 | 21.08 | 17.83 | 15.62 | 12.43 | n.a. |
| Singapore | 11.45 | 7.05 | 6.01 | 4.49 | 4.53 | 4.84 | 5.75 | 4.85 | 4.82 | 5.07 | 4.49 |
| Taiwan | 9.94 | 7.65 | 8.07 | 5.06 | 4.50 | 4.25 | 5.25 | 3.54 | 3.75 | 3.50 | 4.53 |

*Percent per month.

# International bond issues and bank credits

*millions of dollars*

| | 1983 | 1984 | 1985 | 1986 | | | Jan-May | |
|---|---|---|---|---|---|---|---|---|
| | | | | Mar | Apr | May | 1986 | 1985 |
| **By country of borrower** | | | | | | | | |
| **Industrial countries** | **102 652** | **177 077** | **226 711** | **23 629** | **30 478** | **17 095** | **107 226** | **82 030** |
| *Australia* | 5 737 | 5 816 | 14 407 | 800 | 1 369 | 829 | 7 706 | 3 641 |
| *Austria* | 1 290 | 2 254 | 2 435 | 338 | 195 | 564 | 1 863 | 1 044 |
| *Belgium* | 2 168 | 1 847 | 3 269 | 1 220 | 526 | 338 | 2 642 | 989 |
| *Canada* | 8 571 | 13 124 | 17 184 | 1 257 | 2 533 | 914 | 7 570 | 7 480 |
| *Denmark* | 3 941 | 4 825 | 3 589 | 176 | 930 | 138 | 1 543 | 1 590 |
| *Finland* | 1 271 | 1 713 | 1 846 | 203 | 188 | 196 | 1 164 | 669 |
| *France* | 8 626 | 11 298 | 18 773 | 1 951 | 1 574 | 821 | 5 768 | 4 806 |
| *Germany* | 3 197 | 2 165 | 3 452 | 595 | 1 169 | 2 127 | 4 841 | 766 |
| *Greece* | 1 291 | 1 551 | 1 588 | 67 | 46 | 370 | 483 | 1 140 |
| *Ireland* | 1 869 | 1 377 | 1 881 | — | 317 | 502 | 1 263 | 631 |
| *Italy* | 4 876 | 6 933 | 11 033 | 684 | 1 943 | 1 933 | 6 108 | 6 312 |
| *Japan* | 14 428 | 17 526 | 21 269 | 2 908 | 4 059 | 2 253 | 12 024 | 9 057 |
| *Netherlands* | 1 213 | 1 973 | 2 299 | 491 | 326 | 57 | 1 525 | 516 |
| *New Zealand* | 802 | 3 208 | 2 707 | 662 | 1 121 | 495 | 2 948 | 640 |
| *Norway* | 1 969 | 1 324 | 3 905 | 279 | 537 | 235 | 1 411 | 660 |
| *Portugal* | 1 030 | 1 796 | 2 382 | 52 | 20 | 107 | 777 | 1 018 |
| *South Africa* | 1 300 | 1 422 | 825 | — | — | — | — | 523 |
| *Spain* | 4 977 | 4 931 | 3 913 | 177 | 685 | 298 | 1 474 | 2 348 |
| *Sweden* | 7 144 | 11 256 | 9 890 | 2 980 | 897 | 46 | 5 370 | 5 473 |
| *United Kingdom* | 2 726 | 8 899 | 25 424 | 3 071 | 2 931 | 1 019 | 10 125 | 8 510 |
| *United States* | 20 276 | 65 054 | 69 194 | 4 980 | 8 670 | 3 654 | 28 497 | 23 385 |
| *Other** | 3 950 | 6 785 | 5 447 | 741 | 442 | 200 | 2 125 | 833 |
| **Developing countries** | **38 256** | **39 725** | **32 139** | **3 607** | **1 437** | **1 633** | **9 400** | **10 358** |
| **Latin American countries** | **15 592** | **17 464** | **8 115** | **222** | **150** | **255** | **916** | **1 033** |
| *Argentina* | 1 750 | 4 212 | 3 700 | — | — | — | 17 | — |
| *Brazil* | 4 475 | 6 649 | — | — | — | — | — | — |
| *Chile* | 1 405 | 784 | 1 085 | — | — | — | — | — |
| *Colombia* | 552 | 589 | 1 052 | — | — | — | — | — |
| *Mexico* | 5 138 | 3 918 | 109 | — | — | 50 | 50 | — |
| *Venezuela* | 237 | — | 48 | — | — | — | — | — |
| *Other*** | 2 035 | 1 312 | 2 121 | 222 | 150 | 205 | 849 | 1 033 |
| **Asian countries** | **12 978** | **15 893** | **18 410** | **2 845** | **828** | **668** | **6 392** | **6 336** |
| *India* | 968 | 945 | 818 | 357 | — | 9 | 620 | 298 |
| *Indonesia* | 2 363 | 1 924 | 451 | 657 | 27 | — | 983 | 400 |
| *Korea* | 4 387 | 6 201 | 5 898 | 629 | 174 | 254 | 1 561 | 2 258 |
| *Malaysia* | 2 197 | 2 605 | 2 220 | 22 | — | — | 54 | 931 |
| *Philippines* | 878 | 925 | 925 | — | — | — | — | 925 |
| *Thailand* | 747 | 1 221 | 1 497 | 600 | — | 406 | 1 016 | 625 |
| *Other* | 1 438 | 2 072 | 6 602 | 580 | 628 | — | 2 158 | 900 |
| **Middle Eastern and African countries** | **9 686** | **6 338** | **5 614** | **540** | **459** | **710** | **2 092** | **2 986** |
| *Algeria* | 1 993 | 821 | 1 450 | 300 | — | — | 407 | 1 300 |
| *Nigeria* | 2 343 | 985 | — | — | — | — | — | — |
| *Turkey* | 1 106 | 741 | 1 203 | 120 | 459 | 100 | 862 | 579 |
| *Other* | 4 244 | 3 821 | 2 960 | 120 | — | 610 | 823 | 1 108 |
| **Eastern European countries** | **1 294** | **3 244** | **5 236** | **250** | **360** | **548** | **1 919** | **1 602** |
| *Hungary* | 741 | 1 386 | 1 578 | — | 210 | — | 521 | 317 |
| *Soviet Union* | 93 | 1 051 | 1 489 | 250 | 150 | 548 | 1 248 | 541 |
| *Other**** | 460 | 807 | 2 169 | — | — | — | 150 | 744 |
| **International organizations****** | **16 201** | **13 287** | **20 635** | **2 075** | **899** | **1 138** | **7 720** | **8 943** |
| ***By type of instrument and currency*** | | | | | | | | |
| **International bond issues** | **76 329** | **107 411** | **167 756** | **19 632** | **26 116** | **14 541** | **92 441** | **66 276** |
| *Eurobonds* | 48 501 | 79 458 | 136 731 | 15 326 | 22 051 | 13 034 | 76 097 | 55 311 |
| *U.S. dollar* | 38 428 | 63 593 | 97 782 | 7 791 | 12 032 | 8 607 | 46 078 | 42 642 |
| *German mark* | 3 817 | 4 604 | 9 491 | 1 490 | 1 698 | 1 990 | 7 590 | 2 872 |
| *British pound* | 1 947 | 3 997 | 5 766 | 2 098 | 2 412 | 307 | 5 422 | 2 232 |
| *Japanese yen* | 212 | 1 212 | 6 539 | 2 069 | 1 579 | 961 | 6 686 | 1 867 |
| *European composite units* | 2 019 | 3 032 | 7 038 | 650 | 1 729 | 375 | 3 432 | 2 652 |
| *Other* | 2 078 | 3 020 | 10 114 | 1 230 | 2 602 | 794 | 6 890 | 3 047 |
| *Foreign bonds* | 27 828 | 27 953 | 31 025 | 4 306 | 4 065 | 1 507 | 16 344 | 10 966 |
| *U.S. dollar* | 4 545 | 5 487 | 4 655 | 900 | 400 | — | 2 364 | 1 957 |
| *German mark* | 2 671 | 2 243 | 1 741 | — | — | — | — | 687 |
| *British pound* | 811 | 1 292 | 958 | 109 | — | 77 | 186 | 159 |
| *Swiss franc* | 14 299 | 12 626 | 14 954 | 2 335 | 3 116 | 911 | 9 756 | 4 798 |
| *Japanese yen* | 3 772 | 4 628 | 6 379 | 811 | 309 | 123 | 2 823 | 2 650 |
| *Other* | 1 730 | 1 677 | 2 339 | 151 | 239 | 396 | 1 216 | 715 |
| **International bank credits** | **82 074** | **125 922** | **116 964** | **9 928** | **7 059** | **5 874** | **33 825** | **36 655** |
| *Eurocurrency credits* | 74 222 | 112 605 | 110 317 | 9 085 | 6 603 | 5 466 | 31 498 | 33 910 |
| *Foreign credits* | 7 852 | 13 317 | 6 648 | 843 | 456 | 408 | 2 327 | 2 745 |
| **Total** | **158 403** | **233 333** | **284 720** | **29 560** | **33 174** | **20 415** | **126 266** | **102 931** |

*Includes multinational organizations. **Includes unallocated. ***Includes COMECON institutions. ****Includes regional development organizations.

# Eurocurrency deposit rates

*prime banks' bid rates, at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Dec | Jan | Feb | Mar | Apr | May | Jun |
| **Eurodollar** | | | | | | | | | | |
| *overnight* | 9.25 | 9.50 | 8.63 | 12.25 | 7.88 | 7.81 | 7.63 | 6.88 | 6.81 | 6.25 |
| *one month* | 9.13 | 9.69 | 8.38 | 8.00 | 7.94 | 7.81 | 7.38 | 6.81 | 7.00 | 6.88 |
| *three months* | 9.19 | 9.81 | 8.63 | 7.88 | 7.94 | 7.75 | 7.31 | 6.75 | 7.00 | 6.75 |
| *six months* | 9.50 | 10.06 | 9.13 | 7.88 | 8.00 | 7.69 | 7.25 | 6.75 | 7.06 | 6.75 |
| *twelve months* | 9.63 | 10.38 | 9.81 | 7.94 | 8.13 | 7.75 | 7.25 | 6.81 | 7.25 | 6.81 |
| **Euro-Canadian dollar** | | | | | | | | | | |
| *one month* | 10.00 | 9.13 | 9.88 | 9.00 | 10.69 | 12.88 | 10.75 | 8.38 | 8.38 | 8.06 |
| *three months* | 10.00 | 9.50 | 10.81 | 9.00 | 10.69 | 11.69 | 10.44 | 8.69 | 8.44 | 8.38 |
| *six months* | 10.13 | 9.75 | 10.06 | 9.00 | 10.44 | 10.94 | 9.88 | 8.69 | 8.50 | 8.56 |
| *twelve months* | 10.25 | 10.00 | 10.44 | 9.00 | 10.31 | 10.31 | 9.75 | 8.69 | 8.75 | 8.75 |
| **Euro-French franc** | | | | | | | | | | |
| *one month* | 23.00 | 12.13 | 10.69 | 12.50 | 15.00 | 14.50 | 15.00 | 7.75 | 7.31 | 7.25 |
| *three months* | 24.00 | 12.19 | 10.69 | 13.00 | 16.25 | 14.00 | 12.25 | 7.50 | 7.31 | 7.31 |
| *six months* | 22.00 | 12.31 | 11.00 | 13.13 | 13.75 | 12.50 | 11.00 | 7.50 | 7.31 | 7.31 |
| *twelve months* | 19.75 | 12.63 | 11.38 | 12.25 | 12.75 | 10.75 | 10.00 | 7.38 | 7.50 | 7.38 |
| **Euromark** | | | | | | | | | | |
| *one month* | 5.88 | 5.25 | 5.50 | 4.75 | 4.56 | 4.56 | 4.44 | 4.56 | 4.56 | 4.44 |
| *three months* | 5.88 | 5.88 | 5.50 | 4.75 | 4.57 | 4.44 | 4.44 | 4.50 | 4.56 | 4.50 |
| *six months* | 5.94 | 6.13 | 5.56 | 4.75 | 4.57 | 4.38 | 4.44 | 4.44 | 4.63 | 4.56 |
| *twelve months* | 6.00 | 6.38 | 5.56 | 4.81 | 4.63 | 4.38 | 4.44 | 4.44 | 4.75 | 4.63 |
| **Euro-Dutch guilder** | | | | | | | | | | |
| *one month* | 5.13 | 5.81 | 5.69 | 5.75 | 5.69 | 5.81 | 5.50 | 5.75 | 6.13 | 6.25 |
| *three months* | 5.19 | 6.00 | 5.75 | 5.75 | 5.69 | 5.81 | 5.44 | 5.50 | 5.81 | 6.06 |
| *six months* | 5.38 | 6.25 | 5.81 | 5.81 | 5.69 | 5.75 | 5.44 | 5.38 | 5.63 | 5.81 |
| *twelve months* | 5.63 | 6.38 | 5.94 | 5.88 | 5.75 | 5.75 | 5.44 | 5.31 | 5.63 | 5.75 |
| **Euro-Swiss franc** | | | | | | | | | | |
| *one month* | 2.81 | 3.38 | 4.44 | 3.88 | 4.06 | 3.75 | 4.00 | 4.13 | 4.88 | 5.00 |
| *three months* | 3.25 | 3.75 | 4.56 | 4.00 | 4.06 | 3.75 | 3.94 | 4.13 | 4.69 | 5.06 |
| *six months* | 3.44 | 3.94 | 4.63 | 4.00 | 4.06 | 3.75 | 3.81 | 4.06 | 4.56 | 4.88 |
| *twelve months* | 3.44 | 3.94 | 4.69 | 4.06 | 4.13 | 3.81 | 3.75 | 3.94 | 4.44 | 4.75 |
| **Eurosterling** | | | | | | | | | | |
| *one month* | 10.56 | 9.13 | 9.50 | 11.69 | 12.75 | 12.56 | 11.75 | 10.81 | 10.00 | 10.06 |
| *three months* | 10.44 | 9.31 | 9.88 | 11.81 | 12.81 | 12.31 | 11.31 | 10.38 | 9.81 | 9.81 |
| *six months* | 10.31 | 9.50 | 10.00 | 11.81 | 12.75 | 12.00 | 10.56 | 9.81 | 9.69 | 9.69 |
| *twelve months* | 10.31 | 9.81 | 10.19 | 11.69 | 12.63 | 11.69 | 10.25 | 9.50 | 9.44 | 9.63 |
| **Euroyen** | | | | | | | | | | |
| *one month* | 6.75 | 6.25 | 6.19 | 7.13 | 6.38 | 6.50 | 5.56 | 4.94 | 4.75 | 4.69 |
| *three months* | 6.75 | 6.31 | 6.19 | 6.56 | 6.13 | 5.88 | 5.25 | 4.81 | 4.75 | 4.88 |
| *six months* | 7.10 | 6.38 | 6.13 | 6.50 | 6.06 | 6.56 | 5.13 | 4.69 | 4.81 | 4.63 |
| *twelve months* | 6.81 | 6.44 | 6.13 | 6.38 | 6.00 | 6.56 | 5.06 | 4.69 | 4.88 | 4.63 |
| **European currency unit** | | | | | | | | | | |
| *one month* | 12.44 | 8.81 | 9.25 | 9.63 | 10.63 | 9.94 | 10.06 | 7.94 | 7.31 | 7.38 |
| *three months* | 12.31 | 9.19 | 9.38 | 9.63 | 10.13 | 9.88 | 9.50 | 7.56 | 7.31 | 7.31 |
| *six months* | 12.00 | 9.44 | 9.50 | 9.63 | 9.75 | 9.44 | 8.50 | 7.38 | 7.31 | 7.25 |
| *twelve months* | 11.19 | 9.63 | 9.63 | 9.63 | 9.13 | 9.06 | 8.06 | 7.19 | 7.13 | 7.25 |

# International bond yields

*average yield of several actively traded, high quality issues with a maturity of 7 to 12 years at or near end of month*

| | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| **United States companies** | | | | | | | | | | |
| *Eurodollar* | 11.59 | 11.25 | 10.04 | 9.68 | 9.60 | 9.27 | 8.78 | 8.93 | 9.27 | 9.09 |
| *Euromark* | 7.34 | 6.95 | 6.95 | 6.73 | 6.73 | 6.61 | 6.67 | 6.62 | 6.74 | 6.65 |
| *Swiss franc* | 5.83 | 5.73 | 5.59 | 5.49 | 5.47 | 5.52 | 5.63 | 5.65 | 5.62 | 5.63 |
| **European governments** | | | | | | | | | | |
| *Eurodollar* | 12.65 | 12.04 | 10.77 | 10.52 | 10.59 | 10.36 | 9.98 | 9.88 | 10.18 | 10.00 |
| *Euromark* | 8.12 | 7.39 | 7.14 | 7.03 | 6.95 | 6.81 | 6.77 | 6.82 | 6.92 | 6.95 |
| *Swiss franc* | 5.63 | 5.24 | 4.99 | 4.91 | 4.82 | 4.71 | 4.71 | 4.69 | 4.69 | 4.76 |
| *European currency unit* | 11.77 | 10.64 | 10.20 | 10.23 | 10.26 | 10.44 | 10.35 | 10.18 | 10.20 | 10.31 |

# Commercial bank lending rates to prime borrowers

*at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 11.50 | 11.00 | 10.75 | 9.50 | 9.50 | 9.50 | 9.50 | 9.00 | 8.50 | 8.50 | 8.50 |
| Canada | 12.50 | 11.00 | 11.25 | 10.00 | 10.00 | 11.50 | 13.00 | 12.00 | 11.25 | 10.25 | 10.25 |
| Austria | 11.75 | 9.25 | 9.25 | 9.00 | 9.00 | 9.00 | 9.25 | 9.25 | 9.25 | 9.25 | 9.00 |
| Belgium | 15.50 | 13.75 | 14.00 | 11.00 | 11.50 | 12.25 | 12.25 | 11.50 | 10.50 | 10.50 | 9.75 |
| Denmark | 14.00 | 10.00 | 10.50 | 8.50 | 8.50 | 8.50 | 8.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| Finland | 8.95 | 10.18 | 10.68 | 10.40 | 10.37 | 9.90 | 9.90 | 9.49 | 9.49 | 8.78 | n.a. |
| France | 12.25 | 12.25 | 12.00 | 10.60 | 10.60 | 10.60 | 10.60 | 10.60 | 10.10 | 9.60 | 9.60 |
| Germany | 8.75 | 7.75 | 7.75 | 7.25 | 7.25 | 7.25 | 7.25 | 6.75 | 6.75 | 6.75 | 6.75 |
| Ireland | 16.50 | 13.75 | 15.75 | 12.50 | 12.50 | 14.50 | 17.50 | 17.50 | 14.50 | 13.50 | 12.25 |
| Italy | 20.75 | 16.75 | 18.00 | 15.88 | 15.88 | 15.88 | 16.00 | 16.00 | 15.25 | 14.50 | 13.50 |
| Netherlands | 6.25 | 7.00 | 6.25 | 6.50 | 6.25 | 6.25 | 6.38 | 6.00 | 6.00 | 7.00 | 6.75 |
| Norway | 14.50 | 13.50 | 13.00 | 12.80 | 12.40 | 13.50 | 14.00 | 13.75 | 13.75 | 14.75 | 15.50 |
| Portugal | 23.50 | 30.00 | 29.00 | 22.50 | 22.50 | 22.50 | 22.50 | 22.50 | 21.00 | 21.00 | 18.00 |
| Spain | 16.90 | 17.31 | 15.84 | 14.80 | 14.75 | 14.66 | 14.58 | 14.58 | 14.52 | 14.50 | 14.44 |
| Sweden | 15.00 | 13.50 | 14.50 | 14.75 | 15.05 | 14.00 | 14.00 | 13.00 | 12.75 | 12.75 | 12.75 |
| Switzerland | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 5.75 | 5.75 |
| United Kingdom | 10.00 | 9.00 | 9.50 | 11.50 | 11.50 | 12.50 | 12.50 | 11.50 | 10.50 | 10.00 | 10.00 |
| Australia | 16.00 | 12.75 | 14.00 | 19.50 | 21.00 | 20.60 | 20.50 | 19.75 | 19.00 | 18.25 | 17.20 |
| Japan | 6.28 | 5.89 | 5.70 | 5.70 | 5.71 | 5.70 | 5.64 | 5.42 | 5.24 | 5.04 | 4.95 |
| New Zealand | 13.00 | 11.00 | 14.00 | 21.50 | 21.00 | 21.00 | 20.00 | 21.00 | 22.00 | 21.00 | 18.00 |
| South Africa | 18.00 | 20.00 | 24.00 | 16.50 | 16.50 | 15.50 | 15.50 | 15.50 | 15.50 | 14.50 | 14.50 |
| Argentina* | 9.00 | 15.50 | 32.05 | 7.25 | 7.30 | 7.00 | 6.40 | 5.25 | 4.80 | 5.52 | 5.35 |
| Brazil | 23.81 | 24.00 | 31.00 | 17.00 | 19.00 | 19.00 | 19.50 | 21.00 | 22.50 | 26.00 | 29.00 |
| Chile | 64.11 | 30.90 | 60.82 | 31.88 | 33.34 | 33.46 | 38.07 | 31.76 | 31.99 | 30.60 | 29.38 |
| Hong Kong | 10.50 | 13.50 | 11.00 | 7.00 | 7.00 | 7.00 | 7.00 | 8.00 | 8.00 | 7.50 | 7.50 |
| Indonesia | 22.00 | 19.75 | 23.50 | 19.00 | 18.75 | 18.50 | 20.00 | 20.00 | 19.50 | 19.00 | 19.00 |
| Korea | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Malaysia | 12.50 | 11.00 | 12.00 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 |
| Mexico | 46.12 | 56.44 | 47.54 | 63.39 | 65.66 | 68.55 | 70.30 | 71.79 | 73.48 | 75.02 | 76.97 |
| Philippines | 18.00 | 18.00 | 44.00 | 15.50 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Singapore | 9.33 | 8.98 | 9.40 | 7.20 | 7.20 | 7.20 | 7.20 | 7.18 | 7.15 | 7.15 | 7.15 |
| Taiwan | 10.75 | 10.25 | 10.00 | 9.50 | 9.50 | 9.50 | 9.50 | 9.00 | 9.00 | 9.00 | 9.00 |
| Thailand | 16.00 | 16.00 | 16.50 | 15.50 | 15.50 | 15.50 | 15.50 | 14.00 | 14.00 | 14.00 | 14.00 |
| Venezuela | 17.00 | 16.00 | 16.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 14.00 |

# Domestic corporate bond yields

*long-term issues, at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 11.75 | 12.63 | 12.25 | 10.75 | 10.15 | 10.38 | 9.00 | 8.63 | 9.00 | 9.20 | 9.00 |
| Canada | 12.74 | 12.89 | 12.42 | 10.98 | 10.74 | 12.08 | 12.95 | 12.46 | 12.24 | 10.35 | 10.10 |
| France | 15.86 | 14.35 | 12.94 | 11.68 | 11.76 | 11.38 | 10.81 | 10.13 | 9.82 | 9.44 | 9.85 |
| Germany | 8.20 | 8.30 | 7.20 | 7.00 | 6.90 | 6.80 | 6.80 | 6.70 | 6.60 | 6.40 | 6.50 |
| Netherlands | 7.80 | 8.51 | 7.51 | n.a. | n.a. | n.a. | 6.86 | 6.53 | n.a. | n.a. | n.a. |
| Norway | 14.13 | 13.25 | 12.75 | 13.50 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.25 |
| Spain | 17.10 | 20.07 | 18.32 | 15.80 | 14.92 | 14.87 | 14.82 | 14.40 | 13.91 | 13.99 | 13.71 |
| Sweden | 13.37 | 12.21 | 12.33 | 13.50 | 13.25 | 13.21 | 12.73 | 11.99 | 10.93 | 11.20 | 11.04 |
| Switzerland | 5.80 | 4.92 | 5.09 | 4.99 | 4.93 | 4.78 | 4.91 | 4.64 | 4.96 | 4.77 | 4.83 |
| United Kingdom | 12.34 | 11.57 | 11.64 | 11.18 | 11.47 | 11.59 | 10.88 | 9.96 | 9.80 | 10.05 | 10.32 |
| Japan | 7.55 | 7.09 | 6.21 | 7.56 | 6.90 | 6.70 | 5.96 | 5.40 | 5.14 | 5.20 | 5.14 |
| Korea | 16.00 | 14.20 | 15.00 | 13.60 | 13.60 | 13.00 | 12.60 | 12.40 | 12.40 | 12.80 | 12.80 |
| Venezuela | 18.00 | 18.00 | 18.00 | 17.00 | 17.00 | 17.50 | 17.00 | 17.00 | 17.00 | 17.00 | 17.00 |

# Treasury bill rates

*bond equivalent yields, at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 8.15 | 9.28 | 7.99 | 7.40 | 7.25 | 7.15 | 7.23 | 6.50 | 6.24 | 6.45 | 6.13 |
| Canada | 9.80 | 9.71 | 9.84 | 8.85 | 9.24 | 10.55 | 11.55 | 10.19 | 9.02 | 8.33 | 8.59 |
| Belgium | 12.42 | 11.00 | 10.90 | 8.72 | 9.89 | 9.89 | 9.89 | 9.89 | 8.36 | 7.71 | 7.45 |
| Ireland | 15.25 | 12.01 | 15.10 | 10.41 | 11.15 | 14.32 | 15.02 | 12.08 | 9.69 | 8.76 | 9.16 |
| Italy | 19.11 | 16.95 | 14.69 | 13.16 | 13.10 | 13.73 | 13.59 | 13.15 | 12.39 | 11.23 | 10.78 |
| Netherlands | 5.63 | 5.63 | 5.88 | 5.88 | 5.69 | 5.72 | 6.13 | 5.56 | 6.88 | 6.50 | 5.88 |
| Spain | 15.28 | 14.46 | 12.00 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | n.a. | n.a. |
| Sweden | 12.90 | 11.75 | 11.83 | 13.28 | 12.49 | 11.70 | 11.14 | 10.63 | 10.19 | 9.90 | 9.85 |
| United Kingdom | 9.96 | 9.04 | 9.33 | 11.33 | 11.49 | 12.47 | 12.21 | 11.04 | 10.09 | 9.56 | 9.52 |
| Australia | 9.39 | 8.54 | 12.27 | 18.45 | 19.40 | 18.46 | 17.03 | 14.88 | 12.84 | 12.78 | 12.38 |
| Japan | 5.42 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 | 4.41 | 3.90 | 3.39 | 3.39 | 3.39 |
| New Zealand | 11.25 | 7.80 | 13.50 | 20.02 | 17.62 | 18.27 | 18.48 | 21.64 | 20.41 | 17.34 | 15.64 |
| South Africa | 14.62 | 18.43 | 21.94 | 12.90 | 12.99 | 12.02 | 11.96 | 11.97 | 11.58 | 11.02 | 10.75 |
| Brazil | 115.40 | 179.15 | 273.03 | 245.33 | 379.77 | n.a. | n.a. | 15.40 | 16.79 | 15.90 | 18.60 |
| Mexico | 57.44 | 53.78 | 48.67 | 70.70 | 72.98 | 74.89 | 77.75 | 78.78 | 80.84 | 80.74 | 88.50 |
| Philippines | 14.54 | 15.99 | 47.14 | 16.63 | 16.45 | 16.68 | 23.43 | 23.56 | 19.65 | 15.79 | n.a. |
| Singapore | 2.74 | 2.59 | 2.91 | 2.89 | 2.94 | 2.96 | 2.80 | 2.64 | 2.58 | 2.35 | 2.42 |

# Representative money market rates

*bond-equivalent yields on major short-term (mostly 3-4 month) money market instruments other than Treasury bills, at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 8.94 | 9.89 | 8.34 | 8.01 | 8.01 | 7.91 | 7.80 | 7.34 | 7.17 | 6.96 | 6.75 |
| Canada | 9.95 | 9.87 | 10.10 | 9.25 | 9.45 | 11.25 | 12.05 | 10.80 | 8.85 | 8.65 | 8.65 |
| Belgium | 12.52 | 11.15 | 10.85 | 8.72 | 9.89 | 9.89 | 9.89 | 8.52 | 8.11 | 7.71 | 7.40 |
| France | 12.75 | 12.19 | 10.69 | 8.87 | 9.12 | 8.93 | 8.57 | 8.37 | 7.50 | 7.24 | 7.24 |
| Germany | 6.20 | 6.30 | 5.75 | 4.80 | 4.80 | 4.60 | 4.35 | 4.65 | 4.60 | 4.60 | 4.55 |
| Ireland | 15.75 | 12.19 | 15.13 | 10.50 | 12.00 | 15.25 | 16.25 | 14.63 | 10.75 | 10.25 | 9.25 |
| Italy | 19.00 | 17.88 | 16.88 | 14.63 | 15.13 | 16.00 | 16.75 | 15.00 | 12.75 | 12.13 | 12.25 |
| Netherlands | 5.25 | 6.00 | 5.75 | 5.94 | 5.75 | 5.81 | 5.88 | 5.50 | 5.56 | 6.00 | 6.19 |
| Portugal | 15.05 | 24.11 | 24.57 | 22.49 | 20.71 | 18.28 | 18.55 | 18.75 | 17.76 | 17.07 | n.a. |
| Spain | 16.98 | 19.00 | 12.21 | 10.47 | 10.51 | 10.68 | 10.72 | 11.59 | 12.27 | 11.63 | 12.06 |
| Switzerland | 3.88 | 3.88 | 5.00 | 4.13 | 4.75 | 4.43 | 4.13 | 4.06 | 4.50 | 4.69 | 5.50 |
| United Kingdom | 10.50 | 9.31 | 9.88 | 11.50 | 12.75 | 12.75 | 12.25 | 11.06 | 10.13 | 9.69 | 9.75 |
| Australia | 9.85 | 9.05 | 12.90 | 18.65 | 19.75 | 18.75 | 18.00 | 16.20 | 16.10 | 14.85 | 14.84 |
| Japan | 6.96 | 6.45 | 6.33 | 7.55 | 7.03 | 6.12 | 5.92 | 5.16 | 4.53 | 4.66 | 4.64 |
| New Zealand | 16.50 | 11.75 | 15.00 | 20.20 | 20.00 | 23.50 | 23.50 | 22.30 | 21.30 | 16.10 | n.a. |
| South Africa | 15.26 | 19.12 | 22.78 | 13.20 | n.a. | 12.55 | 12.40 | 12.35 | 11.95 | 11.25 | 10.80 |
| Chile | 55.90 | 20.68 | 20.68 | 19.56 | 22.42 | 19.56 | 19.56 | 14.03 | 19.56 | 12.68 | 14.03 |
| Hong Kong | 9.25 | 14.88 | 8.25 | 6.50 | 6.50 | 6.63 | 6.81 | 7.25 | 7.81 | 6.02 | 6.75 |
| Indonesia | 18.50 | 19.50 | 19.00 | 14.50 | 15.00 | 14.50 | 14.50 | 20.25 | 16.50 | 16.00 | 15.00 |
| Korea | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Malaysia | 8.50 | 9.80 | 10.30 | 8.25 | 8.20 | 8.30 | 8.70 | 8.75 | 15.00 | 9.80 | 10.00 |
| Philippines | 15.98 | 15.61 | 33.21 | 22.45 | 14.61 | 23.05 | 26.05 | 26.45 | 19.32 | 14.57 | n.a. |
| Singapore | 8.69 | 8.44 | 7.00 | 5.44 | 5.88 | 5.53 | 5.31 | 5.00 | 4.94 | 5.06 | 4.88 |
| Taiwan | n.a. | 8.07 | 7.85 | 4.51 | 4.10 | 3.17 | 3.10 | 3.37 | 3.99 | 3.58 | 3.68 |
| Thailand | 12.25 | 16.00 | 12.00 | 15.00 | 15.50 | 11.50 | 11.25 | 10.00 | 10.00 | 9.50 | 8.50 |

# Commercial bank deposit rates

*at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 8.25 | 9.70 | 8.35 | 7.88 | 7.75 | 7.75 | 7.60 | 7.16 | 6.55 | 6.82 | 6.65 |
| Canada | 9.85 | 9.82 | 10.05 | 9.20 | 9.40 | 11.20 | 12.00 | 10.75 | 8.80 | 8.60 | 8.60 |
| Austria | 6.25 | 6.50 | 7.50 | 6.13 | 6.50 | 6.25 | 6.38 | 5.50 | 4.88 | 5.19 | 5.13 |
| Belgium | 12.25 | 11.25 | 10.63 | 8.50 | 9.63 | 9.88 | 9.75 | 9.63 | 8.13 | 7.31 | 7.19 |
| Denmark | 9.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Finland | 4.25 | 5.25 | 5.25 | 4.75 | 4.75 | 4.25 | 4.25 | 3.75 | 3.75 | 2.75 | 2.75 |
| France | 8.24 | 7.66 | 7.04 | 6.07 | 6.12 | 6.03 | 6.02 | 5.88 | 5.72 | n.a. | n.a. |
| Germany | 6.00 | 5.90 | 5.25 | 4.45 | 4.40 | 4.25 | 4.25 | 4.15 | 4.35 | 4.35 | 4.35 |
| Ireland | 15.25 | 11.75 | 14.63 | 10.25 | 11.87 | 15.25 | 16.00 | 14 50 | 10.75 | 10.00 | 9.00 |
| Italy | 13.25 | 13.25 | 11.64 | n.a. | 11.85 | 11.75 | 11.75 | 11.75 | n.a. | n.a. | n.a. |
| Netherlands | 5.38 | 6.13 | 5.69 | 5.81 | 5.81 | 5.69 | 5.75 | 5.38 | 5.44 | 5.88 | 6.06 |
| Norway | 13.50 | 12.75 | 12.75 | 12.00 | 12.00 | 12.25 | 12.25 | 12.25 | 12.25 | 12.25 | 13.00 |
| Portugal | 15.00 | 21.50 | 28.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 18.50 | 18.50 | 15.50 |
| Spain | 12.53 | 12.62 | 11.64 | 9.90 | 9.64 | 9.61 | 9.59 | 9.11 | 9.42 | 9.20 | n.a. |
| Sweden | 12.15 | 11.70 | 11.45 | 12.71 | 12.18 | 12.45 | 11.45 | 11.00 | 10.65 | 10.60 | 10.10 |
| Switzerland | 3.00 | 3.50 | 4.50 | 3.75 | 4.50 | 4.25 | 3.94 | 3.81 | 4.25 | 4.44 | 5.25 |
| United Kingdom | 10.31 | 9.31 | 9.88 | 11.38 | 11.75 | 12.75 | 12.13 | 11.06 | 10.13 | 9.69 | 9.63 |
| Australia | 10.20 | 10.40 | 12.75 | 17.76 | 18.80 | 18.63 | 17.95 | 16.13 | 14.68 | 13.78 | 13.99 |
| Japan | 7.00 | 6.40 | 6.38 | 7.93 | 7.05 | 6.24 | 6 10 | 5.32 | 4.80 | 4.90 | 4.65 |
| New Zealand | 16.50 | 11.75 | 15.25 | 21.84 | 19.98 | 22.99 | 23.55 | 20.56 | 20.16 | 16.42 | n.a. |
| South Africa | 15.25 | 20.13 | 22.88 | 13.20 | n.a. | 12.70 | 12.65 | 12.60 | 12.00 | 11.40 | 11.00 |
| Argentina* | 8.50 | 14.50 | 31.23 | 5.25 | 5.40 | 5.40 | 4.75 | 4.50 | 4.34 | 4.25 | 4.28 |
| Brazil | 21.00 | 23.00 | 27.00 | 16.00 | 18.00 | 18.00 | 18.50 | 21.00 | 21.50 | 26.00 | 29.00 |
| Chile | 47.09 | 20.57 | 20.68 | 21.05 | 23.60 | 22.27 | 23.60 | 16.30 | 14.98 | 13.62 | 15.94 |
| Hong Kong | 9.25 | 14.88 | 8.25 | 6.50 | 6.50 | 6.63 | 6.81 | 7.25 | 7.81 | 6.02 | 6.75 |
| Korea | 7.60 | 7.60 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Malaysia | 8.40 | 7.75 | 9.58 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Mexico | 52.54 | 57.15 | 47.45 | 69.60 | 72.90 | 73.60 | 75.75 | 79.55 | 80.20 | 80.00 | 85.50 |
| Philippines | 14.10 | 14.96 | 31.01 | 12.42 | 12.34 | 11.66 | 13.24 | 14.17 | 12.37 | 14.63 | n.a. |
| Singapore | 8.25 | 7.44 | 6.13 | 5.01 | 5.26 | 5.01 | 5.01 | 4.94 | 4.76 | 4.94 | 4.82 |
| Taiwan | 7.50 | 7.00 | 6.50 | 5.25 | 5.25 | 5.25 | 5.75 | 4.75 | 4.50 | 4.50 | 4.50 |
| Thailand | 10.00 | 10.00 | 13.00 | 10.50 | 10.50 | 10.50 | 11.00 | 10.50 | 8.50 | 8.50 | 8.50 |
| Venezuela | 15.50 | 12.00 | 12.50 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 |

*Percent per month.

# Domestic government bond yields

*long-term issues, at or near end of month*

| | 1982 | 1983 | 1984 | 1985 | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| United States | 10.61 | 12.00 | 11.61 | 10.06 | 9.49 | 9.45 | 8.31 | 7.50 | 7.70 | 8.37 | 7.79 |
| Canada | 11.69 | 12.02 | 11.66 | 10.34 | 10.04 | 10.49 | 9.96 | 9.54 | 9.32 | 9.52 | 9.42 |
| Austria | 8.81 | 8.02 | 8.04 | 7.55 | 7.61 | 7.62 | 7.68 | 7.63 | 9.00 | 7.14 | 7.19 |
| Belgium | 12.66 | 11.89 | 11.56 | 9.43 | 9.60 | 9.62 | 9.38 | 8.41 | 7.46 | 7.93 | 7.86 |
| Denmark | 20.14 | 12.98 | 14.60 | 10.50 | 9.67 | 10.12 | 9.27 | 9.26 | 8.63 | 10.17 | 10.17 |
| Finland | 10.64 | 11.16 | 10.73 | 10.50 | 10.58 | 9.74 | 9.96 | 8.77 | 8.89 | 8.27 | 8.27 |
| France | 15.40 | 13.96 | 12.70 | 11.22 | 11.33 | 10.79 | 10.00 | 9.19 | 8.53 | 8.58 | 8.65 |
| Germany | 7.90 | 8.38 | 7.17 | 6.79 | 6.57 | 6.64 | 6.32 | 6.21 | 5.78 | 6.31 | 6.17 |
| Ireland | 14.54 | 14.25 | 14.90 | 12.10 | 11.84 | 11.92 | 10.68 | 9.35 | 8.57 | 9.17 | 9.31 |
| Italy | 19.70 | 17.69 | 14.52 | 13.70 | 13.66 | 13.43 | 13.80 | 13.35 | 12.27 | 10.87 | 10.85 |
| Netherlands | 8.16 | 8.58 | 7.72 | 7.01 | 6.96 | 6.81 | 6.84 | 6.44 | 6.15 | 6.39 | 6.38 |
| Norway | 13.32 | 12.50 | 12.00 | 12.70 | 13.10 | 13.10 | 13.20 | 12.80 | 12.80 | 12.80 | 13.10 |
| Portugal | 16.63 | 22.11 | 22.23 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Spain | 15.46 | 17.25 | 13.93 | 12.12 | 12.30 | 12.35 | 12.36 | 12.22 | 12.06 | 11.44 | 10.98 |
| Sweden | 13.01 | 12.30 | 12.04 | 13.10 | 12.11 | 12.23 | 11.60 | 10.81 | 9.81 | 10.06 | 9.79 |
| Switzerland | 4.23 | 4.53 | 4.60 | 4.53 | 4.42 | 4.42 | 4.27 | 4.16 | 4.24 | 4.39 | 4.49 |
| United Kingdom | 10.62 | 9.94 | 10.25 | 10.17 | 10.35 | 10.56 | 9.83 | 8.75 | 8.73 | 9.11 | 9.32 |
| Australia | 13.00 | 13.65 | 13.50 | 15.05 | 14.85 | 14.10 | 13.70 | 12.60 | 12.25 | 12.65 | 12.85 |
| Japan | 7.96 | 7.45 | 6.47 | 6.36 | 5.92 | 5.57 | 5.33 | 4.67 | 4.79 | 5.57 | n.a. |
| New Zealand | 12.84 | 10.50 | 16.90 | 17.10 | 17.10 | 18.15 | 18.60 | 18.90 | 16.80 | 15.15 | 15.20 |
| South Africa | 11.31 | 13.64 | 16.55 | 17.50 | n.a. | 17.57 | 17.30 | 17.65 | 17.40 | 17.09 | 16.99 |
| Philippines | 13.64 | 14.47 | 18.54 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Venezuela | 15.00 | 13.50 | 14.00 | 12.00 | 12.00 | 12.25 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |

# Key to data in tables

## I. International markets

Data on the *international banking market size* are based on resident and nonresident Eurocurrency (i.e., foreign currency) assets and liabilities and on nonresident domestic currency assets and liabilities of banks in nearly all European countries, the Bahamas, Bahrain, Canada, Cayman Islands, Hong Kong, Japan, Netherlands Antilles, Panama, Singapore, and the United States. All assets and liabilities of international banking facilities (IBFs) of banks in the United States are treated as Eurocurrencies.

An *international bond issue* may be either a Eurobond issue or a foreign bond issue. A *Eurobond issue* is one placed principally in countries other than that of the currency in which the bond is denominated, usually through an international syndicate. A *foreign bond issue* is one issued by a nonresident borrower on the market of a single country and denominated in that country's currency. Data on new international bond issue volume include all publicly announced issues of straight bonds, convertibles, bonds with warrants, floating rate notes, and certificates of deposit with an original maturity of three years or more (one year or more beginning in 1985), whether publicly or privately placed.

An *international bank credit* may be either a Eurocurrency credit or a foreign credit. A *Eurocurrency credit* is one denominated in a currency that is foreign to the country of the bank office extending the credit. *A foreign credit* is one extended to a nonresident borrower and denominated in the domestic currency of the country in which the bank office extending the credit is located. Data on new international bank credit volume include all publicly announced bank credits with an original maturity of one year or more (term loans, revolving lines of credit, and facilities to back up the issuance of other financial instruments such as commercial paper, short-term notes, certificates of deposit and banker's acceptances).

Data on international bond issues and bank credits through 1984 were compiled by Morgan Guaranty Trust Company. Beginning in January 1985 these data are based on figures published in the OECD's *Financial Statistics Monthly*.

## II. Domestic markets

**Central bank discount rates**

Rates shown are the official discount rates with the exception of:

*Ireland* — Short Term Facility rate.

*South Africa* — discount rate for 90-day banker's acceptances.

*United Kingdom* — rate of discount for outright purchases of 15- to 33-day bank bills.

**Day-to-day money rates**

*Argentina*—7-day interbank money regulated by the central bank.

*Austria* — day-to-day interbank rate.

*Australia* — effective interest rate in the official short-term money market.

*Belgium* — day-to-day loan rate in the call money market.

*Brazil* — interbank overnight money.

*Canada*—chartered banks' day-to-day loans.

*Finland* — Bank of Finland call money.

*France* — interbank call money against private paper.

*Germany* — interbank call money.

*Hong Kong* — interbank 24-hour call rate.

*Ireland* — interbank call money.

*Italy* — interbank 48-hour call money.

*Japan*—Tokyo interbank call money, unconditional lenders rate.

*Korea* — overnight interbank call money.

*Netherlands* — open-market call money.

*Norway* — day-to-day interbank rate.

*Philippines* — interbank call loan rate.

*Singapore* — interbank overnight money.

*South Africa* — discount houses basic call rate.

*Spain* — day-to-day interbank rate.

*Sweden* — interbank call money.

*Switzerland* — call money.

*Taiwan* — private interbank overnight loan rate.

*United Kingdom* — call money.

*United States* — federal funds rate.

**Treasury bill rates**

*Australia* — 13-week Treasury notes at tender.

*Belgium* — new issue of 3-month Treasury certificates.

*Brazil* — 3-month Treasury bills.

*Canada* — 3-month Treasury bills at tender.

*Ireland* — 3-month central bank exchequer bills at tender.

*Italy* — 6-month Treasury bills.

*Japan* — 60- to 62-day noninterest-bearing discount government bills.

*Mexico* — 3-month Federal Treasury bills.

*Netherlands* — 3-month Treasury bills.

*New Zealand* — tap issue rate for 3-month Treasury bills until December 1984. As of January 1985, 3-month Treasury bills at tender.

*Philippines* — simple average of 91-day Treasury bills at tender until June 1984. Beginning July 1984 rates refer to the weighted average interest rate on 91- to 183-day Treasury bills sold to banks under negotiated basis.

*Singapore* — 91-day Treasury bills at tender.

*South Africa* — 3-month Treasury bills at tender.

*Spain* — 6-month Treasury bills at tender until March 1984. As of April 1984, 3-month Treasury bill repos reported by the Bank of Spain (average of quotations during the month).

*Sweden* — new issues of 3-month Treasury bills until June 1982. New series as of July 1982, 6-month Treasury discount notes, market rate.

*United Kingdom* — 91-day Treasury bills at tender.

*United States* — 3-month Treasury bills.

**Representative money-market rates**

*Australia* — buying rate for 90-day bank accepted commercial bills.

*Belgium* — 4-month Fonds des Rentes certificates.

*Canada* — 3-month prime finance company paper.

*Chile* — central bank 60-day fixed rate promissory notes (PDBC) at tender.

*France* — 3-month interbank money against private paper.

*Germany* — 3-month interbank deposits.

*Hong Kong* — 3-month interbank deposits.

*Indonesia* — 1-month interbank deposits.

*Ireland* — 3-month interbank deposits.

*Italy* — 3-month interbank deposits.

*Japan* — 3-month "gensaki" rate.

*Korea* — 3-month financial bill.

*Malaysia* — 3-month interbank deposits.

*Netherlands* — 3-month interbank deposits.

*New Zealand* — 90-day commercial bills.

*Philippines*—weighted average interest rate for 90-day promissory rates.

*Portugal* — average of 30- to 90-day interbank deposits.

*Singapore* — 3-month banker's acceptances.

*South Africa*—90-day banker's acceptances.

*Spain* — 3-month interbank rate reported by the Bank of Spain (average of quotations during the month).

*Switzerland* — 3-month interbank deposits.

*Taiwan* — 90-day banker's acceptances.

*Thailand* — interbank call money.

*United Kingdom* — 3-month interbank deposits.

*United States* — 3-month prime industrial paper.

**Commercial bank deposit rates**

*Argentina* — nominal 30-day time deposits. Average of bank rates published by the central bank until August 1984. New series as of September 1984, 30-day acceptances maximum interest rate.

*Austria* — 3-month time deposits.

*Australia* — 3-month certificates of deposit.

*Belgium* — special maximum rate for 3-month time deposits in large amounts.

*Brazil* — 6-month certificates of deposit with prefixed yields until July 1982. New series as of August 1982, 6-month certificates of deposit reported as a spread above monetary correction which is set every month in relationship to inflation.

*Canada* — 3-month time deposits.

*Chile* — 30-day time deposits.

*Denmark* — time deposits of 3-months' notice.

*Finland* — time deposits of six-month notice.

*France* — 3-month time deposits of FF. 1,000,000.

*Germany* — 3-month time deposits in large amounts.

*Hong Kong* — negotiable 3-month time deposits of more than HK$500,000.

*Ireland* — 3-month deposits.

*Italy* — 3-month time deposits of Lit. 100 million or more.

*Japan* — 90-day negotiable certificates of deposit issued by the Tokyo office of Morgan Guaranty Trust Company.

*Korea* — 3-month time deposits.

*Malaysia* — 3-month time deposits.

*Mexico* — 3-month certificates of deposit until September 1983. New series as of October 1983, 3-month promissory notes.

*Netherlands* — 3-month time deposits in large amounts.

*New Zealand* — 6-month transferable certificates of deposit.

*Norway* — 3-month special term deposits.

*Philippines* — weighted average interest rates on 60- to 90-day time deposits of sample commercial banks.

*Portugal* — 90- to 180-day time deposits until May 1984. New series as of June 1984, 180-day to one-year time deposits.

## Key to data in tables — continued

*Singapore* — 3-month certificates of deposit.
*South Africa* — 3-month negotiable certificates of deposit.
*Spain* — deposits over 6 months and less than 1 year for Pts. 1 million or more reported by the Bank of Spain.
*Sweden* — 3-month certificates of deposit.
*Switzerland* — 3-month time deposits.
*Taiwan* — maximum rate for 3-month time deposits.
*Thailand* — 3-month time deposits.
*United Kingdom* — 3-month time deposits.
*United States* — 3-month negotiable certificates of deposit issued by Morgan Guaranty Trust Company.
*Venezuela* — 6-month negotiable certificates of deposit for domestic depositors only.

**Domestic government bond yields**

*Austria* — Austrian National Bank average yield on all outstanding government bonds.
*Australia* — secondary market yield for 10-year Treasury bonds.
*Belgium* — Belgium National Bank secondary market average yield on central government bonds of more than 5 years' maturity quoted on Brussels Stock Exchange.
*Canada* — Bank of Canada average yield on all direct government bonds due or callable in 10 years or more.
*Denmark* — 12% serial bonds maturing 2001 until April 1983. New series as of May 1983, 10% serial bonds maturing 2004.
*Finland* — rate of interest at issue on central government bonds intended for public subscription, weighted by sales of bonds in the latter half of each month.
*France* — INSEE secondary market weighted average yield of public sector bonds with a remaining maturity of 10 years or more.
*Germany* — Frankfurter Allgemeine Zeitung 10-year public authority bond average.
*Ireland* — 15-year government bonds.
*Italy* — average yield on fixed-interest government bonds, not including irredeemable bonds, weighted by the amounts in circulation, for maturities of 9 years or more.
*Japan* — secondary market average yield on longest-term life government bonds as quoted by the Securities Dealers Association of Japan.
*Netherlands* — Central Bureau of Statistics (CBS) average yield on three latest government bonds.
*New Zealand* — average yield on government bonds maturing after 5 years.
*Norway* — 5% government bond of 1996 until December 1982. New series as of January 1983, average yield of long-term government bonds.
*Philippines* — weighted average interest rate of outright sales on secondary transactions for central bank certificates of indebtedness.
*Portugal* — yield of 4% Centenary Loan of 1940.
*South Africa* — 25-year government bonds until August 1983; 20-year Republic of South Africa bonds until April 1984; new series as of May 1984, secondary market yield for the 13% due 2005 Republic of South Africa bond.
*Spain* — Bank of Spain secondary market weighted average yield of several central government issues with more than 2 years' maturity (average of quotations during the month).
*Sweden* — 15-year government bonds until October 1983. New series as of November 1983, 5-year government bond yield index, market rate.
*Switzerland* — Swiss Confederation bond average.
*United Kingdom* — F.T. (*Financial Times*) Actuaries 25-year government stock.
*United States* — Morgan Guaranty 20-year U.S. Government Bond Index.
*Venezuela* — Banco Central average yield on public-sector bond issues.

**Commercial bank lending rates to prime borrowers**

*Argentina* — average rate on 30-day loans.
*Austria* — overdraft rate for prime borrowers, including commission.
*Australia* — overdraft rate. Maximum indicator rate applying to loans of A$100,000 or more for major trading banks.
*Belgium* — prime overdraft rate.
*Brazil* — prefixed rate applied to working capital loans until July 1982; monetary-corrected free rate applied to working capital loans from August 1982 to July 1983. New series as of August 1983, maximum legal rate reported as a spread above monetary correction which is set every month in relationship to inflation. Charges for fees and commissions are often added.
*Canada* — prime rate.
*Chile* — average prime rate of six major commercial banks.
*Denmark* — approximate rate for loans and advances to prime borrowers.
*Finland* — average rates on total commercial bank lending.
*France* — base lending rate, excluding a commission of .05% per month on highest debit balance during the month. A spread above base rate is often added.
*Germany* — approximate effective overdraft rate for prime borrowers.
*Hong Kong* — prime lending rate set by the Hong Kong Association of Banks.
*Indonesia* — prime rate for domestic affiliates of foreign companies.
*Ireland* — AA corporate borrowing rate.
*Italy* — unsecured overdraft rate for prime borrowers.
*Japan* — average contracted interest rate for short-term loans of city banks. In addition, compensating balances may be required.
*Korea* — prime rate.
*Malaysia* — Bank of Commerce Berhad base lending rate.
*Mexico* — base rate or average cost of money for banks determined monthly by the Banco de Mexico S.A.
*Netherlands* — overdraft rate for prime borrowers, including commission.
*New Zealand* — overdraft rate for prime borrowers.
*Norway* — overdraft rate, including a commission of .25% per quarter on the total line of credit until January 1983. New series as of February 1983, special rate of first class, large borrowers.
*Philippines* — prescribed administrative ceiling for unsecured loans with maturities of 365 days and below, including charges until December 1982. New series as of January 1983, modal rate to prime borrowers.
*Portugal* — maximum rate for 90- to 180-day loans.
*Singapore* — most common overdraft rate, major banks.
*South Africa* — unsecured overdraft rate for prime borrowers.
*Spain* — private banks' average interest rate for 1-year loans reported by the Bank of Spain.
*Sweden* — overdraft rate for prime industrial borrowers, commission not included.
*Switzerland* — unsecured overdraft rate for prime borrowers, excluding commission of .25% per quarter on average or highest outstanding debit balance in quarter.
*Taiwan* — maximum rate for 3- to 12-month secured loans. Rate is an indication only and may vary from actual bank lending rate which is subject to volatile interbank rates.
*Thailand* — prime rate.
*United Kingdom* — clearing bank base lending rate. A spread above base rate is often added.
*United States* — prime rate of Morgan Guaranty Trust Company.
*Venezuela* — representative rate for domestic prime borrowers only.

**Domestic corporate bond yields**

*Canada* — McLeod, Young, Weir Co. Ltd., weighted long-term bond yield index for AA corporates.
*France* — INSEE secondary market weighted average yield of private company bonds with a remaining maturity of 10 years or more.
*Germany* — Bundesbank secondary market weighted average yield of industrial bonds with a remaining maturity of more than 3 years.
*Japan* — secondary market yield for NTT bond maturing March 1987.
*Korea* — average of yields on corporate bonds guaranteed by local banks, with an original maturity of 3- 2- 5-years.
*Netherlands* — CBS average yield on three 6%-6.5% corporate bonds until December 1981. As of January 1982, CBS secondary market weighted average yield on all commercial bank issues with a quotation between 92% and 103%.
*Norway* — 5.75% Dalen Portland-Cement bond of 1969-1984 until December 1982. New series as of January 1983 average yield of long-term industrial bonds.
*Spain* — Bank of Spain seconary market weighted average yield of several corporate issues with more than 3 years' maturity (average of quotations during the month).
*Sweden* — Central Satistical Bureau average yield on industrial bonds.
*Switzerland* — average yield on outstanding bonds of four leading Swiss companies. Mixture changed as of January 1982.
*United Kingdom* — *Financial Times* secondary market average yield of industrial and financial company debentures and loan stocks with an average of 25 years to maturity.
*United States* — Salomon Brothers index of new issues yields for Aa industrial bonds with five-year call protection.
*Venezuela* — average of yields on 15-year bond issues of Electricidad de Caracas.

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